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In this Issue:

The Wood-Forbes Mission
Michael P. Onorato

Manuel L. Quezon and the Philippine Constitution
Gerald E. Wheeler

Notes on Philippine Paleography
Juan R. Francisco

The Age of Awakening
Eduardo Lachica

Book Reviews

Communications

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CONTENTS

Page

The Wood-Forbes Mission .... *Michael P. Onorato* 1

Manuel L. Quezon and the Philippine Constitution .... *Gerald E. Wheeler* 20

Notes on Philippine Paleography .... *Juan R. Francisco* 37

The Age of Awakening .... *Eduardo Lachica* 60
  Part Five: The Early Financiers
  Part Six: The Tobacco Monopoly
  Part Seven: The Last Decade

Book Reviews: 104
  Mosque and Moro: A Study of the Muslims in the Philippines by *Peter G. Gowing*
    Reviewed by *Dr. Encarnacion Alzona*

  Mindanao: The Story of An Island by *F. Delor Angeles*
  Principles of History Teaching by *W. F. Burton*
    Reviewed by *Maximo P. Fabella*

  The East and the West by *Lewis Gulick*
  The Trial by *Adrian Cristobal*
  Mightier Than The Sword by *Demy P. Sonza*
    Reviewed by *C. O. Resurreccion*

Communications 116

THE WOOD-FORBES MISSION

Michael Paul Onorato *

1.

On 7 December 1920 President Woodrow Wilson, in his last annual message to Congress, urged that the Filipino people be given their independence. His appeal, however, came too late. Congress was no longer a compliant Democratic body. Moreover, the Philippine government was desperately trying to stave off total economic and financial collapse.[1]

Wilson's request for Philippine independence left president-elect Warren G. Harding in an unenviable position. Harding felt as if he had been given a live bomb. It was not enough that he would probably inherit a bankrupt Philippine government, but he now had the delicate task of undoing whatever harm was caused by his illustrious predecessor's statement to Congress. As a result of Wilson's message, many Filipinos had been led to believe that independence was at hand.[2] Harding, however, as former chairman of the Senate Committee on Territories and Insular Possessions, knew of the critical situation then prevailing in the islands. Nevertheless the burden of proof, as to the impossibility of independence at that time, lay with him.[3]

Harding's immediate problem, however, was to choose a governor general. The search for one was complicated by the fact that Governor General Francis Burton Harrison was determined to resign on 4 March 1921 and quit the Philippines immediately thereafter. Since the vice governor was on vacation, many Americans in the islands were anxious to prevent any attempt to appoint a Filipino as acting-governor general. Their fear was quite real. Harrison, in November, 1920, tried to get the Wilson administration to appoint a Filipino as vice governor. The Democratic administration, however, refused to consider such a step even if the incumbent vice governor should resign before Harrison. As it turned out, Vice governor Charles E. Yeater did return to the Philippines before Harrison left Manila. Yeater served as acting governor general until the inauguration of Leonard Wood in October, 1921.[4]

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* Professor Michael Paul Onorato did extensive research between October, 1963 and April, 1964 in the papers of President Quezon in preparation for a monograph on Governor General Wood. Recently, he received an American Philosophical Society grant for continued study of Philippine history. Professor Onorato earned his doctorate at Georgetown University. His thesis was on the Cabinet Crisis of July 17, 1923. *Philippine Studies* has just recently published his first installment of a four-part calendar of American manuscripts relative to Wood.

[1] Hermann Hagedorn, *Leonard Wood, A Biography* (2 vols.; Harpers and brothers, 1931), II, 376; W. Cameron Forbes, *The Philippine Islands* (Rev. ed.; Cambridge: Harvard University Press, 1945), p. 345; Nicholas Roosevelt, *The Philippines: A Treasure and a Problem* (4th ed.; New York: Sears Publishing Co., 1933), p. 37.

[2] Elizabeth F. Egan, "Do the Filipinos Want Independence?" *Saturday Evening Post,* 194 (October 15, 1921), p. 16; Gerald E. Wheeler, "Republican Philippine Policy, 1921-1933," *Pacific Historical Review,* 29 (November, 1929), p. 378; W. Cameron Forbes, *Journal of W. Cameron Forbes, Second Series* (5 vols.; Manuscript Division, Library of Congress, Washington, D. C.), II, 321.

[3] Forbes, *The Philippine Islands, p.* 345; *Forbes Journal, Second Series,* II, 321.

In an effort to find some way out of his Philippine dilemma, Harding called on Taft, Martin Egan, Newton Gilbert, W. Cameron Forbes, and others for their suggestions. Only Cameron Forbes came up with what seemed an ideal solution. The ex-governor general suggested that a commission be sent to the islands to investigate conditions there. It would then remain in the Philippines until the situation improved. As a consequence, the commissioners would have had rather broad powers.[5] When Harding did not demonstrate any desire to put the plan into operation, Forbes left for South America.[6]

In the meantime, the problem of a governor general defied solution. Forbes, who was the first choice of many Americans in Manila, was sick and refused to return to Manila as governor general. Major-General Leonard Wood was the second choice of most Americans in the Philippines. He had a fine record as military governor of Mindanao and Sulu and later as commanding general of the Philippine Division.[7] Wood, however, did not want to be governor general. He wanted to be secretary of war. As far as he was concerned that was the only position he sought from Harding. The Philippine Islands were not big enough for his ambitions.[8] Harding could hardly afford to yield to Wood's demand for the War Office. His presence on the American political scene was an obvious source of irritation to Harding.[9]

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[4] Henry B. McCoy to W. G. Harding, December 28, 1920, enclosed in McCoy to Wm. Howard Taft, December 28, 1920, *Papers of William Howard Taft* (Manuscript Division, Library of Congress, Washington, D. C.), Box 490; F. B. Harrison to General Frank McIntyre, Confidential, cable, November 13, 1920, *Harrison Cablegram Book, 1920, Papers of Francis Burton Harrison* (Manuscript Division, Library of Congress, Washington, D.C.).

[5] *Forbes Journal, Second Series,* II, 320ff; W. Cameron Forbes, "Philippine Movement for Independence," *Proceedings of the Massachusetts Historical Society,* 65 (November, 1932), pp. 27-28.

[6] Forbes was in Venezuela when he received word to return to Washington to join a mission bound for the Philippines.

[7] *Forbes Journal, Second Series,* II, 320; H. B. McCoy to W. G. Harding, December 29, 1920, enclosed in McCoy to Taft, December 29, 1920, *Taft Papers,* Box 490; Forbes to Taft, November 16, 1920, *ibid.,* Box 489; Forbes to Taft, December 16, 1920, *ibid.,* Box 490.

The insistent rumor that the president-elect was seriously considering Wood for governor general prompted Resident Commissioner Jaime C. de Veyra to cable Speaker Osmeña for instructions. The Speaker replied that he and Quezon had no personal objection to Wood. However, they were both concerned that the people would equate General Wood with the Spanish generals who had served as governors general. But they were willing to consider the possibility of Wood being the next chief executive. De Veyra answered that he did not think the circumstances were similar. In case of Wood's appointment, he would have to resign from the army. But, in view of their message, Commissioner de Veyra promised to work for any other suitable candidate.[10]

By mid-February, it had become more than apparent that Harding was exerting tremendous pressure on Wood. De Veyra by then had come to his own decision concerning the General. When he sought an interview with the General, Wood wrote back saying that a general officer should not discuss politics. Furthermore, as far as he was concerned, all that had to be said about the Philippines had been said already and was part of the public record. He had nothing more to add. Wood, however, did not slam the door shut on the resident commissioner. A few days later, De Veyra cabled a synopsis of his first interview with Wood, then commanding general of Fort Sheridan, which is in Illinois. In that meeting, Wood expressed himself as being against the commission plan of Forbes which had just been given publicity in a syndicated article by ex-President Taft for the Philadelphia *Public Ledger*. General Wood believed that the commission would be an insult to the Filipino people and would seriously prejudice the efforts of the next governor general. As for the Jones Law, the maintenance of the Council of State, the appointment of a Filipino vice governor, and continued Filipinization, Wood was more than sympathetic. In an effort to test the sincerity of the General, the Commissioner handed him a copy of the Osmeña-Quezon message of 18 January. Wood echoed the fears expressed by the Filipino leaders. De Veyra ended his cable on a note of optimism:

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[8] Wm. H. Taft to Horace D. Taft, January 31, 1921, *Taft Papers,* Box 492; Leonard Wood to Frederick M. Alger, Personal, December 15, 1921, *Papers of Leonard Wood* (Manuscript Division, Library of Congress, Washington, D. C.), Box 155; Wood to John C. Greenway, Personal, January 31, 1921, *ibid.,* Box 156; entry for March 2, 1921, *Wood Diary, ibid.*, Box 15.

[9] It was very evident that Wood intended to use the cabinet as a spring-board for his political ambitions.

[10] J. C. de Veyra to Osmeña, Strictly Confidential, cable, January 13, 1921, *Papers of Manuel Luis Quezon* (Quezoniana Collection, National Library, Manila); Osmeña-Quezon to De Veyra, Strictly Confidential, cable, January 18, 1921, *ibid.;* De Veyra to Osmeña, Strictly Confidential, January 20, 1921, *ibid.*

> Knowing his simplicity, sincerity and uprightness I can draw nothing from his attitude but a spirit of good will towards us and our aspirations. We will meet again in Washington, D. C., in conference with [Representative James] Frear and [Judge] Trent.[11]

In the days that followed, the Commissioner continued to send Wood information on the Jones Law, filipinization, and in particular, Philippine independence.[12]

While Jaime C. de Veyra was using every strategem to draw Wood to the Filipino side, his colleague, Resident Commissioner Isauro Gabaldon was thinking along other lines. Annoyed at the attention De Veyra was showing Wood, Gabaldon cabled Quezon to ask if he preferred Wood or Charles Miller, a Republican national committeeman. Quezon replied that he preferred Miller. As a congressman, Miller had fought Quezon during the House debates on the Jones Bill. But in the years since, he had mellowed. But it was too late for Gabaldon to act on Quezon's preference. By the inauguration of Harding, Wood was the only candidate for governor general.[13]

The month of February found Wood being drawn into a serious predicament. Wood, who was always conscious of his public image, was quick to realize that his refusal to serve as governor general was giving life to his many public pronouncements about civic duty and country above self. He knew that in the eyes of many he was refusing the call to duty for selfish reasons. But his many well-wishers and loyal followers urged him not to sacrifice himself on some alien people. Henry L. Stimson and Elihu Root were particularly angry at what they considered Harding's scarcely veiled effort to get Wood out of the way. By March, Wood had lost the battle. On 6 March, Wood spoke by long-distance telephone to Secretary of War John W. Weeks. He told Weeks that he would serve President Harding in any capacity except that of governor general.[14]

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[11] De Veyra to Osmeña, Strictly Confidential, cable, February 19, 1921, *Quezon Papers;* De Veyra to Osmeña, Strictly Confidential, cable, February 25, 1921, *ibid.*

[12] De Veyra to Wood, Personal, February 24, 1921, *Quezon Papers;* De Veyra to Wood, Personal, February 25, 1921, *ibid.;* De Veyra to Wood, Personal, February 26, 1921, *ibid.;* De Veyra to Wood, Personal and Confidential, March 25, 1921, enclosed in De Veyra to Osmeña-Quezon, March 29, 1921, *ibid.*

[13] Isauro Gabaldon to Quezon, cable, February 27, 1921, *Quezon Papers;* Quezon to Gabaldon, cable, February 28, 1921, *ibid.;* Gabaldon to Quezon, cable, March 4, 1921, *ibid.;* Gabaldon to Quezon, cable, March 8, 1921, *ibid.*

The following day, Wood visited the White House. Again Harding pressed the office of governor general on him. Once again Wood refused. This time, however, he came armed with a counter-proposal—a commission of investigation. This plan differed from the one outlined by Forbes in that there was no provision for the commission to implement policy. The President snapped up the offer.[15] As an aide, Wood asked for Cameron Forbes. Wood later had to accept him as an equal. The General, who had no intention of hurting anyone's feelings, had indeed touched a sensitive nerve in the ex-governor general. Wood never knew how deeply committed Forbes had been to returning to Manila cloaked with wide discretionary powers. Wood only knew that any mission Forbes might lead would probably be partisan. A few weeks later Wood told De Veyra that his presence on the mission and as senior chairman would counteract any partisanship on part of Forbes. Actually the ex-governor general did intend to conduct a witch-hunt, but on his way out to the Philippines he changed his mind.[16]

On 21 March, both Wood and Forbes met with Secretary of War Weeks. At that meeting, Forbes discovered to his satisfaction that Wood thought along the same lines as he concerning the Philippines. Wood was for: eventual Filipino independence, acceptance of the Jones Law, economic self-sufficiency, political stability, and military preparedness. That evening, Wood, Forbes, and Harding discussed Philippine matters. The President wanted a complete and thorough report. He assured them that nothing would be made public until after he and Weeks went over their findings.[17]

In the remaining week of March, Wood busied himself dictating letters asking advice from various individuals familiar with the Philippines. He wanted to know what he should look for in order to make a worth-while report. He even wrote to ex-Governor General Harrison asking for suggestions. And he urged De Veyra several times to tell him what the mission should investigate. Wood figured on a four to five month inspection trip and then home to his new position as provost of the University of Pennsylvania. Soon after he had decided to go to the Philippines, Wood accepted the post of provost. Although the General was devoid of any academic stature, the University was willing to hire him. He would be useful as a dollar-raiser and status-symbol. And Wood, for his part, was willing to go along with the University. He now had comfortable salary and a place to launch his next campaign for the presidency.[18]

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[14] Wood to Guy Murchie, Personal, February 23, 1921, *Wood Papers,* Box 155; Wood to James T. Williams, Jr., Personal, February 6, 1921, *ibid.,* Box 155; entries for March 2, 6, 1921, *Wood Diary, ibid.,* Box 15; Henry L. Stimson, Personal and Confidential, January 31, 1921, *Papers of Henry Lewis Stimson* (Yale University Library, New Haven, Conn.).

[15] According to General McIntyre, there would have been no mission if General Wood had consented to be governor general. See McIntyre to Quezon, Personal, April 2, 1921, *Quezon Papers.*

[16] Entries for March 7, 30, 1921, *Wood Diary, Wood Papers,* Box 15; Wood to Stimson, Personal, March 26, 1921, *ibid.,* Box 158; Forbes to Wood, March 23, 1921, *ibid.,* Box 160; Wood to Elihu Root, Personal, March 31, 1921, *Papers of Elihu Root* (Manuscript Division, Library of Congress, Washington, D. C.), Box 227; De Veyra to Osmeña, Confidential, cable, March 23, 1921, *Quezon Papers; Forbes Journal, Second Series,* II, 51.

[17] *Forbes Journal, Second Series,* II, 41-43, 47.

On 20 March, Harding had informed Weeks of the necessity of sending a mission to the Philippines. His letter, in its essence, called Wilson a liar. It was now for the mission to determine which was right—Wilson's message or the persistent rumors concerning the poor conditions in the Philippines.[19] In his turn, Secretary Weeks sent Wood, who was the senior chairman of the mission, a long letter of instructions, which was obviously prepared for publication.[20]

The Secretary of War called the mission's attention to President McKinley's exhortation that the American government must establish a Philippine government which conforms to local traditions but still renders the most honest and efficient service.[21] Going on from there, Weeks instructed the mission to investigate the finances of the country and to see if the government contributed to the material well-being of the people. They were also to check on the effect of filipinization on the country. The Secretary concluded by saying:

> Whether the result of your investigation may or may not be to the satisfaction for the Filipino people at this time, I am convinced that...it can not but be to the future satisfaction of the

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[18] Wood to Harrison, Personal, April 1, 1921, *Harrison Papers,* Box 43; Wood to Root, Personal, March 31, 1921, *Root Papers,* Box 227; Wood to Taft, Personal, March 29, 1921, *Taft Papers,* Box 496; Wood to Alger, Personal, March 24, 1921, *Wood Papers,* Box 155; De Veyra to Osmeña, Confidential, cable, March 23, 1921, *Quezon Papers.*

[19] Harding to Weeks, March 20, 1921, *Report of the Special Mission on Investigation to the Philippine Islands to the Secretary of War* (Washington: Government Printing Office, 1921), p. 7.

[20] Entry for March 28, 1921, *Wood Diary, Wood Papers,* Box 15.

[21] The inclusion of McKinley's instructions concerning honest and efficient government annoyed Dean Kalaw, who considered them unnecessary for the Wood-Forbes Mission. He wanted the mission to judge the islands strictly by the standard definition of a stable government. See Maximo M. Kalaw, "The Wood-Forbes Report—A Critical Analysis," *Congressional Record,* 62, pt. 13 (January 5, 1922), 13265.

> Filipinos and must of necessity, result in their permanent well-being and progress.[22]

The question necessarily arises as to the openmindedness of Wood and Forbes as they left for Manila. For Wood, the mission would show him the poor condition in which the Filipino people found themselves in early 1921. Cameron Forbes, however, was quite familiar with the financial crisis facing the insular government. And Forbes, as mentioned above, was quite ready to turn the mission into a witch-hunt. For a while, Wood and the other members of the mission were alarmed at his attitude. A letter to Wood from Forbes of 23 March proved that the ex-governor was bent on revenge. But Governor Forbes, on that long trip out, changed his attitude both toward the mission and Wood. He reconciled himself to working with the General and accepting his demand for impartiality. Above all else, Wood wanted a proper attitude toward the mission.[23]

2.

On 4 May, the mission arrived in Manila to begin four months of intensive study and investigation. Most of the Americans in the islands were glad to see it arrive. As for the political leaders, they were somewhat worried by their claims. Now when they were to undergo inspection, conditions in the Philippines were at their worst. But leaders told the people not worry about the mission. The presence of Wood, Senate President Quezon told his audience, was a "good omen, in fact is an assurance, that the same man who was instrumental in giving freedom to Cuba will be also instrumental in giving freedom to the Philippines." Heartened by this reference to Cuba and Wood, the audience burst into applause. Confident, the people turned out everywhere to greet the mission. But there were some discordant notes raised against Forbes. Speaker Osmeña, in view of the favorable reports from De Veyra, urged Quezon to try and stop the unrest. Quezon, himself, was concerned over the presence of Forbes. He felt that the ex-governor might insult him publicly. To his surprise, Cameron Forbes greeted Quezon in a cordial manner.[24]

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[22] Weeks to Wood, March 23, 1921, *Special Report,* pp. 7-10.

[23] Entry for March 30, 1921, *Wood Diary, Wood Papers,* Box 15; Forbes to Wood, March 23, 1921, *ibid.,* Box 160; De Veyra to Osmeña, Confidential, cable, March 23, 1921. *Quezon Papers; Forbes Journal, Second Series,* II, 51.

[24] "General Wood's Philippine mission," *Literary Digest,* 69 (June 4, 1921), p. 23; Gertrude Emerson, "The Philippine Inside Out," *Asia,* 21 (September, 1921), pp. 904-905; Egan, pp. 16, 41; Quezon to Harrison, July 11, 1921, *Harrison Papers,* Box 44; Osmeña to Quezon, telegram, March 17, 1921, *Quezon Papers;* Quezon to Osmeña, telegram, March 18, 1921, *ibid.;* Quezon to Potenciano G. Salita, March 18, 1921, *ibid.;*

If there were any doubts as to the spirit of the mission, these were soon laid to rest. At Iloilo, Wood said: "There is no use wasting time quarelling over the mistakes which have been made. The thing now is to find the remedy. Let these mistakes be guides for the future. The road is ahead of us, not behind." The call for unity and action caused *La Vanguardia* to editorialize:

> Let him be judged likewise by a single enunciation of an idea in his speech in Iloilo, which reveals the temperament of a man who is ready to cooperate with the living and representative strength of the nation in the work of progress and high perfection.[25]

In the course of four months, the mission made its way, by rail, car, boat, horse, and on foot, through 47 out of 48 provinces and 449 out of 800 municipalities. Together or separately, Wood and Forbes conducted their investigation. Their data was gathered in several ways: inspection of the records of the insular government, questionnaires to local business interests, petitions, private interviews with leading Filipinos of the various communities visited, private talks with Americans long resident in the islands, and public hearings after which there was always some time devoted to those who wished to speak in private. Much of the petitions, replies, examinations of government records and other confidential matters are stored in the files of the Bureau of Insular Affairs at the National Archives, Washington, D. C.

It would be impossible to re-create here the entire course of the mission or its findings. We can examine, however, certain facets of the Wood-Forbes Report.[26]

3.

The perennial subject of debate, both in the Philippines and the United States, since the American occupation, was independence. The Filipino politicians had been for quite some time aware of its propaganda value both at home and in America. Therefore, in 1918, the Philippine legislature created the Independence Commission and have it an annual appropriation of one million pesos. The purpose of the commission was to coordinate the ef-

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Stenographic Report of the Speech of Hon. Manuel L. Quezon, President of the Senate, in the Third Open Program of the Inter-Alumni Union held in the Philippine Normal School Auditorium, Saturday Night, March 12, 1921, *ibid.*

[25] Luncheon Speech, July 16, 1921, *Wood Papers,* Box 158; *La Vanguardia* (Manila), July 28, 1921.

[26] For detailed treatment of the course of the mission, see *Forbes Journal, Second Series,* II, 66-312; May to September, 1921, *Wood Diary, Wood Papers,* Box 15. The Wood Diary contains not only the General's impressions, but also detailed and meticulous accounts of interviews, private and public. For the findings of the mission, see *Special Report,* pp. 11-46. Forbes, in his book *The Philippine Islands,* summarized the report. See pp. 351-355.

forts of all persons who sought Filipino independence.[27] As a result of its efforts, the desire for independence was intense. And after Wilson's last annual message to Congress, the Filipinos anxiously awaited freedom.

When the mission arrived, it found the people enthusiastic about the prospect of being investigated. The politicians had led them to believe that the mission, especially Wood, was the precursor of freedom.[28] As a consequence of their own actions, Osmeña and Quezon were forced to ask Wood and Forbes not to puncture the illusions of their people regarding independence in a crude fashion.[29]

In their report, Wood and Forbes pointed out that there was universal desire for independence. Yet, there was a division of opinion among the Filipinos as to the time and manner in which it should be given. According to Harrison the problem was what form should independence take. For Forbes, there was only one kind of independence: freedom hedged about by restrictions is not sovereign independence.[30]

4.

Perhaps the most sensitive barometer of a government's efficiency, competency and honesty is the financial status of the country. When the mission arrived, the politicians were aware that their financial crisis reflected on the capabilities of their countrymen. In 1917, Dr. H. Parker Willis, a friend of Quezon and the first president of the Philippine National Bank, wrote that if the Filipinos could refrain from squandering other people's money, they would have a good case for further extension of self-government.[31]

In 1919, the Philippine government amalgamated two special funds, which had been set aside to safeguard the insular currency and facilitate the payment of exchange, into the Currency Reserve Fund. At the outset, the Fund had $46,000,000 (in gold) deposited in New York. Most of it was in the New York branch of the Philippine National Bank. A year later, it was discovered that $37,700,000 of the Fund, which was supposed to be in the New York office of the Philippine National Bank had been invested by the Manila office of the Bank in long-term loans. This large transfer of gold was done through the sale of exchange at Manila on the New York office. This was unfortunate. For while this maneuver helped the Bank expand its influence throughout the islands, it meant that the insular currency was no longer backed by gold. With the loss of its gold reserve, the government permitted the Philippine National Bank to continue issuing bank notes.

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[27] Daniel R. Williams, *The United States and the Philippines* (Garden City, New York: Doubleday, Page and Co., 1926), pp. 194-195.

[28] Egan, pp. 16, 41; Emerson, pp. 904-905; "General Wood's Philippine mission," p. 23.

[29] Entry for May 10, 1921, *Wood Diary, Wood Papers,* Box 15. According to Vicente G. Bunuan, no Filipino politician could hope to get elected if he did not support independence regardless of his own personal opinion on the subject. See Vicente G. Bunuan, *Arguments for Immediate Philippine Independence: Supported by Facts and Figures* (Washington: Philippine Press Bureau, 1924), pp. 12-13.

[30] *Special Report,* p. 11; Francis Burton Harrison, *The Cornerstone of Philippine Independence: A Narrative of Seven Years* (New York: The Century Co., 1922), p. 293; *Forbes Journal, Second Series,* II, 93.

[31] Emerson, p. 904; entry for June 13, 1921, *Wood Diary, Wood Papers,* Box 15; H. Parker Willis, "The Philippine National Bank," *Journal of Political Economy,* 25 (May, 1917), p. 440; Willis to Harrison, Confidential and Personal, June 15, 1916, *Quezon Papers.*

The debacle came with the post-war depression. Filipino businessmen during the First World War, had over-extended their credit. The war boom induced the eleven banks in Manila, especially the Philippine National Bank to loan money in many instances without taking normal banking precautions, such as, investigating the borrower's resources.

The war brought unheard-of prices for Filipino sugar, coconut oil and hemp. With prosperity came the influx of high-priced luxury goods. The drop in prices for Philippine commodities, however left the Philippine National Bank, more than the other banks in Manila with a huge fortune tied up in long-term loans. The banks, apparently, lent the money on the assumption that wartime prices would prevail forever. On 28 June 1921, in a sarcastic editorial, the *New York Times* said that if the boom prices could only return, then everything would be fine in the Philippines.

With the balance of trade against the Philippines, the government was pressed for gold to meet exchange problems. The Philippine National Bank, by late 1920, held 82 per cent of the Currency Reserve Fund, but only on its books. The government, in desperation, began, in early 1920, to raise the rate of exchange until by December, 1920, the peso was worth only $.44 instead of its usual $.50. With banks throughout the Far East demanding gold for the bank rates of the Philippine National Bank in their possession, the government was forced to curtail the sale of exchange in 1921. From February to May, 1921, exchange was sold intermittently. As a result, business was brought to a virtual standstill. The insular currency was, for all intents and purposes, fiat money.[32]

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[32] Ben F. Wright, *Memorandum Concerning the Development of the Currency System of the Philippine Islands with Special Reference to Existing Conditions and to the*

On 10 June 1921, Wood and Forbes cabled Washington asking that Congress be prodded into passing the long sought Towner amendment to the Jones Act. This would have raised the debt limit of the Philippines from $15,000,000 to $30,000,000. Harrison had tried to get the Towner amendment passed in December of the preceding year. Congress finally passed the amendment in July, 1921. But even before this happened, Acting-Governor General Yeater wanted another raise in the debt limit—money was desperately needed. In June, Yeater warned that the Towner amendment would only help restore the peso to par.[33]

Apologists for Harrison and the Filipino leaders have used the post-war depression as the reason for the near collapse of the government. They sometimes temper their argument with an admission that there was some corruption and inefficiency both in the government and the Philippine National Bank. But they quickly add that the post-war depression affected most banks throughout the world and even in the biggest banks there was inefficiency at times.[34]

Harrison and his apologists have a very plausible argument in the post-war depression. The only trouble is that Harrison, Osmeña, and Quezon (since they constituted the Board of Control which voted the government stock) knew exactly what was happening to their insular funds. As the financial situation worsened, the cables exchanged between Manila and Washington grew more urgent in tone. Harrison's cablegram books for 1919, 1920, and 1921 stand as sufficient evidence that he knew of the crisis. These messages, together with letters and memoranda in the Harrison papers, indicate that he could have averted the disaster by acting in a positive manner.

A strong argument could be made against Filipino capacity for self-government because of the handling of their finances. Dr. H. Parker Willis, as noted above, warned against such mishandling of the resources of the Bank. As late as 1926, the Democrata party was using the near-collapse of the government argument in their fight against Quezon and Osmeña. Representative Pedro

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Philippine National Bank, August 1, 1921, *Wood Papers,* Box 219; *Special Report,* pp. 33-38; Williams, pp. 174-176; Harrison, pp. 261-263; *New York Times,* June 28, 1921.

[33] Wood-Forbes to Weeks, cable, June 10, 1921, *Forbes Journal, Second Series,* II, 84; Harrison to McIntyre, cable, December 15, 1920, *Harrison Cablegram Book, 1920, Harrison Papers;* for the congressional debates relative to increasing the debt limit, see *Congressional Record,* 61, pt. 3 (June 20, 1921), 2765-2766; *ibid.,* pt. 4 (July 6, 1921), 3361-3364; *New York Times,* June 25, June 27, 1921.

[34] Bunuan, pp. 24-25; Raymond L. Buell, "What about the Philippines?" *Atlantic Monthly,* 133 (March, 1924), p. 400; Harrison, pp. 261-263; Harry B. Hawes, *Philippine Uncertainty: An American Problem* (New York: The Century Co., 1932), p. 269; Manuel Quezon, "America's Pledge to the Philippines," *Asia,* 21 (September, 1921), p. 912.

de la Llana argued that the honor of the Filipino people had been compromised by the financial crisis of the "New Era."[35] The responsibility, however, for the financial debacle lies with Harrison, Osmeña, and Quezon. They allowed too much to be attempted too soon.[36]

5.

However valid the argument might have been in regard to the enterprises of the government, it fell rather flat in the face of the inefficiency, corruption, and incompetence that occurred in those businesses.[37] In order to acquire those enterprises, the government spent some $34,000,000 of which $29,000,000 went into its four major ventures. Unfortunately, the government did not have sufficient cash on hand to justify these heavy investments. Between 1915 and 1921, the government's receipts amounted to $177,000,000 while its expenditures were $167,000,000. The difference was $10,000,000 which left the government in need of an additional $24,000,000 for its purchases. This money was found in several ways: the sale of bonds, the sale of stock in the enterprises (of which the government was the largest shareholder), the misappropriation of the proceeds of previous bond sales, and, in the case of the Philippine National Bank, by a simple book entry to the effect that the government paid $11,000,000 for the capital stock of the Bank. In short, the government mortgaged its future to purchase the businesses.[38]

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[35] Pedro de la Llana, *A Book of Comment and Criticism (Being a Collection of Miscellaneous Writings and Addresses)* (Manila: n.p., 1926), pp. 8-9.

[36] Special Report, pp. 20, 22-23; "Our own little Ireland," *Literary Digest,* 69 (June 4, 1921), p. 42; Williams, pp. 182-187; Walter Robb, "Filipinos' demand for independence," *Current History,* 19 (November, 1923), p. 283. General McIntyre, chief of the Bureau of Insular Affairs, when pinned down by some members of the Senate Insular Committee, during the hearings on the Towner amendment, pushed the blame for the financial crisis off on Harrison. According to one American businessman, it would seem that McIntyre, as Bureau chief, would have to share some of the responsibility for the financial debacle. He should have kept the Secretary of War informed of the progressive deterioration of the financial structure of the Philippines. See John M. Switzer to H. B. Pond, June 24, 1921, *Wood Papers,* Box 157.

[37] Stephen P. Duggan, "The Future of the Philippines," *Foreign Affairs,* V (October, 1926), p. 120; Walter Robb, "Wood Facing His Task," *Outlook,* 129 (November 30, 1921), p. 513; O. Garfield Jones, "What Wood and Forbes have done in the Philippines," *Outlook,* 129 (September 28, 1921), p. 135.

[38] *Financial Information Prepared by the Bureau of Audits under the Supervision of William T. Nolting, For the Special Mission to the Philippine Islands, September 10, 1921* (2 vols.; typewritten), *Wood Papers,* Box 218. Volume II contains table which substantiate the comments made by the Bureau of Audits in Volume I. See Volume I for information on the governmental enterprises. For the statistics relative to the government's receipts and expenditures, see *Report of the Auditor for the Philippine Islands to the Secretary of War, the Governor-General of the Philippine Islands, and the Members of the Philippine Legislature for the Fiscal Year ended December 31, 1923* (Manila: Bureau of Printing, 1924), p. 49.

The Manila Railroad according to its general manager, became subject to the caprice of its president, Manuel L. Quezon. Ernest J. Westerhouse, the general manager, was soon gotten rid of by Quezon.[39] The National Development and National Coal Companies tied up large sums of money without doing anything constructive. All the Coal Company had to show for some $2,000,000 was 15,000 tons of unmarketable coal.[40]

In 1916, the Philippine National Bank was charted for the dual purpose of serving as the official depository of the government and as the medium for extending low-interest rate loans to Filipino businessmen.[41] The Bank was, until late 1920, without an experienced banker at its head. Dr. H. Parker Willis, the first president, while a noted economist, was hardly a trained banker. General Venancio Concepcion, the third president, had absolutely no banking experience. And his immediate predecessor had merely been secretary to the defunct Philippine Commission. Unfortunately, Concepcion fell prey to scroundels. In the end, he resigned and was subsequently prosecuted and convicted for his part in the granting of large loans to questionable firms and individuals. In a letter to Parker, Harrison said that Concepcion fell in with the wrong element.[42]

The Filipinos, however, were not the only ones guilty of improper conduct. In January, 1921, Harrison was shocked by the news that the American manager of the Shanghai branch of the Philippine National Bank had squandered $12,500,000 in exchange manipulations. Harrison called it a "stupendous loss."[43]

The Bank was within its rights when it lent the money of its depositors, both government and private, to Filipino business interests. Unfortunately, many of the loans were injudicious. Those extended during the war were based on high returns for Philippine products. Some were given for the development of sugar and coconut mills beyond those actually necessary to process both crops. It was even more unfortunate when the government permitted the Currency Reserve Fund to be withdrawn from the United States and loaned out by the Bank.[44]

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[39] Entry for November 25, 1921, *Wood Diary, Wood Papers,* Box 15; Colin MacRae Hoskins to Harrison, February 17, 1922, *Harrison Papers,* Box 45.

[40] Emerson, p. 910; Wood to Weeks, Confidential, March 31, 1922, *Wood Diary, Wood Papers,* Box 16.

[41] For the best treatment of the early history of the Philippine National Bank, see Willis, pp. 409-441. See also Willis to Harrison, Confidential and Personal, June 15, 1916, *Quezon Papers.*

[42] Williams, pp. 165-168. In 1919, Washington sent Francis Coates, Jr., a Clearing House Examiner from Cleveland, to make a study of the Philippine National Bank. Although he examined only the books at the main office, he wrote that the Bank was undoubtedly among the worst managed banking institutions in the world. See *Coates Report,* August 28, 1920, Confidential "B" File (Bureau of Insular Affairs, National Archives, Washington, D. C.), File 22639-A/57. When Harrison wrote in his book that Coates made no comment on the honesty of the Bank officials, the ex-Governor General was merely splitting hairs. See Harrison, pp. 263-264. See also Harrison to Willis, February 9, 1921, *Harrison Papers,* Box 43.

[43] Buell, p. 400; Harrison to Willis, February 9, 1921, *Harrison Papers,* Box 43.

The Bank through the use of the government deposits was able to extend its influence and prestige among Filipino businessmen. By 1921, the Bank had entrenched itself in the minds of Filipinos. However, there was a price that the Bank and the government had to pay for this.

The main cause of the Bank's difficulties was its long-term, non-liquid loans, especially those of questionable character. In one instance, $4,250,000 was loaned to a firm not worth more than $3,000,000 solely because Concepcion was a friend of the businessman. In 1918, Harrison received a confidential report from his brother, who was then secretary of the Bank, stating that money was being loaned in one province for purposes other than farming—namely, gambling. As a result of such practices, the Bank, on 30 June 1921, had $82,844,825 tied up in loans and investments as against $46,832,595 in deposits. The Bank had not only over-extended itself, but had at the same time wiped out its own reserve and was some $10,000,000 below the legal reserve limit. By late 1921, the Bank owed the government $33,500,000 which represented the government's deposits that the Bank had loaned out. The government was subsequently paid back and the loans redeemed, but only after years of careful banking.

The Philippine National Bank in 1921 was saved from collapse only by the faith of the Filipinos that the government would see the Bank through its crisis and also by the determination of the government to keep it open. The failure of the Bank would have meant the total breakdown of the economic and financial structure of the Philippines.[45]

As far as the mission could see, the ventures of the government were a failure. The mission, therefore, urged that the government get out of business.[46]

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[44] *Special Report,* pp. 38-40; *Wright Memorandum, passim;* Wood to Weeks, Confidential, March 31, 1922, *Wood Diary, Wood Papers,* Box 16.

[45] *Special Report,* pp. 38-40; *Wright Memorandum, passim; Forbes Journal, Second Series,* II, 121; Archibald Harrison to the Governor-General, Memorandum, August 10, 1918, *Harrison Papers,* Box 42; Ben F. Wright to Wood, September 1, 1921, *Wood Papers,* Box 219; Remarks by Governor General Wood, June 25, 1922, *Wood Diary, ibid.,* Box 16.

[46] *Special Report,* p. 42.

6.

The rapid Filipinization which occurred during the Harrison regime brought in its wake men who were unfit for office solely because of their inexperience. This lack of training, the mission discovered, took its toll in the classroom, the law courts, and in the efficiency and competency of the government services in general.

Aside from conditions in the Bank, the deterioration of the Public Health Service was particularly disturbing. Between 1916 and 1921, 37,839 Filipinos died of cholera and 73,796 of smallpox. Both of these diseases had been previously controlled by the Health Service· The catastrophe was so pronounced that on 3 April 1922, a member of the British House of Commons asked the Minister of Health why so many Filipinos had died of smallpox in view of the systematic vaccination service initiated by the Americans. The Minister of Health had no answer to give.[48]

In 1930, Professor Ralston Hayden, later Vice governor, said that it would be up to some future historian to judge the worth of rapid Filipinization in the light of the Public Health disaster. Quezon, on the other hand, in his posthumous autobiography, said that some future historian might credit Harrison for winning the loyalty of the Filipinos to the United States.[48]

Rapid Filipinization was anything but a success. Even Dean Maximo M. Kalaw admitted as much. Harrison, himself, did not deny the inefficiency of his administration. He suggested, however that this inefficiency served to acquaint the Filipinos with the practices of government.[49] In its report the mission stated that the ill-effects of Filipinization were caused by "bad example, incompetent direction, to political infection of the services, and above all to the lack of competent supervision and inspection."[50]

7.

To say that the mission found nothing but misfortune, would be an injustice to the Filipinos. The Philippines did make pro-

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[47] Philippine Islands, Governor General, *Annual Report of the Governor-General, Philippines, 1924* (Washington: Government Printing Office, 1926), pp. 8-9; *Special Report,* pp. 17-42; Great Britain, 5 *Parliamentary Debates* (Commons), 122 (1922), pp. 1865-1866; *Forbes Journal, Second Series;* II, 39-40.

[48] Dean C. Worcester and J. Ralston Hayden, *The Philippines Past and Present* (New York: Macmillan Co., 1930), p. 756; Manuel L. Quezon, *The Good Fight* (New York: D. Appleton-Century Co., Inc., 1946), pp. 127-128; De la Llana, pp. 8-9.

[49] Harrison, p. 88; Maximo M. Kalaw, "Governor Stimson in the Philippines," *Foreign Affairs,* 8 (April, 1929), p. 372.

[50] *Special Report,* p. 17.

gress during the Harrison administration. What good was accomplished, however, was certainly outweighed by the financial crisis, poor health conditions, and inefficiency in the government services.[51]

With the evidence of the "New Era" before it, the mission noted that government was not functioning properly.[52] Wood and Forbes, however, pointed out that this in no way inferred that the Filipinos possessed any inherent incapacity for self-government; the Filipino people only lacked the necessary experience.

As for independence, the mission said:

> We are convinced that it would be a betrayal of the Philippine people, a misfortune to the American people, a distinct step backward in the path of progress, and a discreditable neglect of our national duty were we to withdraw without giving the Filipinos the best chance possible to have an orderly and permanently stable government.[53]

This denial of readiness later drew from Dean Kalaw the exclamation: "If the Wood-Forbes Mission had only made an approximate guess as to how many more years!"[54] In 1907, Woodrow Wilson said that self-government could not be given or bought, it had to be slowly acquired. It was an art; it was self-control.[55] How could Wood and Forbes hazard a guess as to when independence should be given.

8.

The mission urged that the general status of the government remain unchanged until the Filipinos had absorbed what they had been already given in the way of self-government. As for the sixty laws which affected the powers of the governor general, the mission asked that Congress declare them null and void, if the Philippine Legislature refused to take corrective measures. The mission also recommended that the Philippine Senate's power of confirmation be overridden by the President of the United States in the case of deadlock between the Senate and Governor General. The last recommendation was an exhortation to Washington to make certain that the United States would never be placed in a position of responsibility without the necessary authority to curb excesses.[56]

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[51] *Forbes Journal, Second Series,* II, 321-322; Forbes, *The Philippine Islands,* p. 333.

[52] Cf. Carles C. Batchelder, "Philippine Independence," *Foreign Affairs,* II (March 15, 1924), 493.

[53] *Special Report,* pp. 45-46.

[54] Kalaw, "The Wood-Forbes Report," p. 13268.

[55] Woodrow Wilson, *Constitutional Government in the United States* (8th Printing; New York: Columbia University Press, 1947), pp. 52-53.

9.

It was unfortunate that Leonard Wood became governor general so soon after the completion of the mission. He had foreseen the problems involved during his first interview with Jaime C. de Veyra. His role in the Philippines, he wrote Root, was going to be difficult.[57]

Although Osmeña and Quezon told Wood in confidence that the report was essentially above reproach, they nevertheless felt obliged to criticize it for political reasons.[58] Yet, strange as it may seem, the effort devoted to attacking or denying the report was negligible. Aside from several rather short critiques,[59] the speeches against the report seemed rather ineffectual.[60]

Four reasons may be offered for this seeming indifference: (1) the realization that the report, while critical,[61] was an honest record[62] of the "New Era"; (2) the warning by Forbes that any attempt to controvert the report or impugn the integrity of the mission would be severely dealt with—that is, the secret exhibits would be published;[63] (3) the desire of the political leaders to ignore the report;[64] (4) the pending break-up of the Nacionalista party [that] absorbed the attention of everyone.

Eulogio B. Rodriguez has perhaps the most interesting explanation for the indifference shown the report. In a letter to

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[56] *Special Report,* p. 46.

[57] *Forbes Journal, Second Series,* II, 164-165; De Veyra to Osmeña, Strictly Confidential, February 25, 1921, *Quezon Papers;* Wood to Root, November 11, 1922, *Wood Papers,* Box 162.

[58] Entry for December 5, 1921, *Wood Diary, Wood Papers,* Box 15.

[59] "A Reply to the Wood-Forbes Mission Report by Camilo Osias," in Manuel L. Quezon and Camilo Osias, *Governor-General Wood and the Filipino Cause* (Manila: Manila Book Co., 1924), pp. 3-62; "Reply of Resident Commissioner Isauro Gabaldon to the Wood-Forbes Report," *Congressional Record,* 62, pt. 2 (January 20, 1922), 1483-1487; "The Filipinos' Answer to the Wood-Forbes Report by Resident Commissioner Jaime C. De Veyra," *ibid.,* pt. 13 (January 5, 1922), 13263-13264; Kalaw, "The Wood-Forbes Report," pp. 13265-13268.

[60] Charles W. Franks to Harrison, February 3, 1922, *Harrison Papers,* Box 45.

[61] Forbes, *The Philippine Islands,* p. 355. In his *Journal,* Forbes wrote that he made the report as strong as possible without alienating the Filipinos. See *Second Series,* II, 171-172. Wood, in a letter to Jacob M. Dickinson, wrote that the report presented enough evidence to sustain its conclusion relative to independence. See Wood to Dickinson, November 25, 1921, *Wood Papers,* Box 155.

[62] Worcester and Hayden, pp. 755-756. In a conference with Wood on 28 April 1921, Quezon admitted that report was correct in its statement of conditions. See entry for April 28, 1922, *Wood Diary, Wood Papers,* Box 16.

[63] Forbes to Wood, Confidential, cable, November 15, 1921, *Wood Cablegram Book, Wood Papers,* Box 189.

[64] Entry for April 28, 1922, *Wood Diary, Wood Papers,* Box 16.

Harrison in March, 1924, he said that the leaders refrained from attacking Wood or the report because they hoped to win him over to their side. A few weeks later, Rafael Palma wrote substantially the same thing to Harrison. The politicians thought that if they could get Wood's support, the policies of the "New Era" might be resumed. In 1928, Clyde H. Tavenner, who had been associated with Quezon and the Philippine independence movement since 1910, wrote Harrison that the leaders for a long time refused to do anything that might antagonize the Republican administrations of Harding and Coolidge. In fact they even refused to stand by Harrison. Although Tavenner was angry at the refusal of Quezon to support his independence drive the evidence available substantiates his accusations.[65]

As for the recommendations of the mission, Harding never presented them to Congress. This was not because he had some ulterior motive as Nicholas Roosevelt has suggested in his book on the Philippines.[66] The decision not to place the recommendations before Congress must lie with Wood and Harding equally. On 1 November 1921, in a letter to Secretary of War Weeks, Wood wrote that it was best if the Philippine legislature carried out the recommendation relative to those acts which encroached on the powers of the governor general. If he found it necessary, however, he would ask the administration to put the recommendations before Congress. The following day, Wood repeated the same message to Harding. He said that arbitrary action, in the long run, was ineffectual.

In late November, 1921, the Philippine legislature, with Wood's knowledge, drew up a resolution asking the President not to present the mission's recommendations to Congress without first hearing their representatives· This resolution drew the fire of Charles E. Russell who had devoted many years writing about Filipino aspirations. He bitterly wrote Quezon that the Filipino people should not beg for an audience with Harding. The President, he remonstrated, could not give the Philippines its independence. But then, he concluded, perhaps the Filipinos prefer servitude. It was a harsh verdict for an action which was merely face-saving for the leaders. On 15 December 1921 Harding wrote Wood that he agreed with his suggestion about working through the Philippine legislature. He would wait for the Philippine mission.[67]

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[65] E. B. Rodriguez to Harrison, March 6, 1924, *Harrison Papers,* Box 47; Rafael Palma to Harrison, April 22, 1924, *ibid.;* C. H. Tavenner to Harrison, Personal and Confidential, October 5, 1928, *ibid.;* Quezon to Tavenner, December 15, 1927, *Quezon Papers*

[66] Roosevelt, pp. 38-39.

The Wood-Forbes Mission was over and Leonard Wood was governor general. Wood, who had undertaken the mission in an effort to avoid criticism, had succumbed to Harding's pressure. The mission had brought to the Philippines one of the most unique individuals in the annals of Philippine-American history.

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[67] Wood to Weeks, November 1, 1921, *Wood Papers,* Box 155; Wood to Harding, November 2, 1921, *ibid.,* Box 156; entry for December 1, 1921, *Wood Diary, ibid.;* Harding to Wood, December 15, 1921, *ibid.;* C. E. Russell to Quezon, December 4, 1921, *Quezon Papers.*

MANUEL L. QUEZON AND THE PHILIPPINE CONSTITUTION

Gerald E. Wheeler *

Some thirty years ago 202 public figures set about the task of writing a constitution for the soon to be born Commonwealth of the Philippines. The document that was created by this joint endeavor has weathered well and has required a minimum of repair. Just twice have amendments been added. Though judicial decisions have broadened or refined the meaning of many articles and sections, the basic constitution remains largely as written by the delegates. When compared with the history of many foreign constitutions, the Philippine charter has been a grand success. As President of the Philippine Senate in 1934, and acknowledged leader of the country, Manuel L. Quezon played a major role in the creation of the Constitution. This article will discuss the part played by Quezon at three very significant points in Philippine constitutional history; the writing of the Constitution in 1934 and 1935; the amending of the charter in 1939 and 1940; and during the crisis over suspension of the presidential succession section of the Constitution in 1943.

Before turning directly to the subject of Quezon and the Constitution, we should mention a few problems that face the historian, particularly the alien historian, when it comes to dealing with Manuel Quezon. First of all that magnificent monument on the Ellipse in Quezon City is a very intimidating structure. It represents in many ways the collective judgment of the Filipino people on the worth of Quezon; and it is a rallying point for those who wish to promote further national unity. To the author, the Quezon Monument is really a tribute to the fulfillment of an ideal — the independence ideal — and a tribute to the man who represented that ideal to the nation. The monument is also a tribute to the generation of the 1930's which preferred self-rule, with its attendant political and economic uncertainties, to the not-too-harsh existence of a colonial dependency. If we may interpret the meaning of the Quezon Monument in these terms, it will allow us a certain logical consistency when dealing with Philippine political history. It is almost a truism that nations do not normally honor politicians with national monuments; they save these edifices for those they elevate to the pantheon of national heroes, or they use the structure to remind later generations of a significant landmark in their history. The Washington Monument in the United States capital and Independence Hall in Philadelphia are such reminders for Americans. Filipinos have the Rizal Monument, the Mabini Shrine, the Katipunan Monument in Caloocan City, and the Quezon Monument to remind them of the revolutionary tradition and the independence ideal. This point is stressed because we look upon Manuel Quezon as a stateman and a politician, with an emphasis upon the latter role.

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Because Filipino writers so far have not used the Quezon manuscripts as a basis for their research, and because the term "politician" or "political partisan" sounds denigrating to many people, there has been a tendency to ignore this basic fact about Manuel Quezon — he was a politician. As such he sought elective office for the usual reasons: the desire to serve, the desire to wield power, the desire for ego satisfaction. And while his record of 40 years of service stands open for all to admire, his papers and the recollections of those who worked with him give ample testimony that Quezon thoroughly enjoyed wielding power. In May, 1939, he told a group of Nacionalista associates just how he felt about power when it came to being President of the Philippine Commonwealth:

> To tell the truth gentlemen, I should like to continue being President of the Philippines if I were sure I would live one hundred years. Have you ever known of anyone who has voluntarily renounced power unless it was for a lady that, in his opinion, was more important than power itself, or because of the threatening attitude of the people? Everybody likes power. It is the greatest urge of human nature — power. I like to exercise power . . .[1]

In the wielding of his political power Quezon worked within a hierarchy of interests: the national welfare, the advancement of the Nacionalista Party, his own personal goals. In time, as is inevitable with strong leaders who control powerful offices over long periods, the lines between the various interests Quezon served became blurred. National welfare, party advancement, and personal aggrandizement were merged. At the end of his life Manuel Quezon firmly believed that what was good for him politically was good for his beloved Filipinas as well.

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[1] "Speech in honor of Floor Leader Quintin Paredes," (typescript) Malacañan, May 22, 1939. Manuel L. Quezon Manuscripts, National Library, Ermita, Manila. (Hereafter cited as Quezon MSS.)

The author has taken this brief excursion "Inside Manuel Quezon" because the central theme of this paper deals with Quezon's handling of the Philippine Constitution to achieve political ends. Basic to such a discussion is the general acceptance of the fact that among the many labels used to classify the illustrious Filipino leader the one marked "politician" must also be applied.

The Tydings-McDuffie Act,[2] passed by the United States Congress on March 24, 1934, provided for the establishment of a transitory government to be called the Commonwealth of the Philippines. The Act also called for the writing of a Philippine Constitution for the government of the Commonwealth. While the Independence Act gave plenary power to the Filipinos to create whatever type of organization best suited their needs, it did require that the new constitution provide a government that would be "republican in form", have a bill of rights, have appended to the constitution certain economic provisions of the Tydings-McDuffie Law, and be acceptable to the President of the United States. Implicit in the Tydings Act was the fact that the new constitution could not depart too radically from democratic constitutional parties throughout the world.

As might be expected, Senate President Manuel Quezon was deeply interested in the constitution that was to be written. He had pressed the United States Congress for the Tydings-McDuffie Act; and on May 1, 1934 the Philippine Government accepted the Independence Act in the name of the Filipino people. Following this action the legislature passed a convention bill calling for the election of 202 delegates to a Constituent Assembly.[3] Governor General Frank Murphy set July 10, 1934 as the election day for the delegates. Quezon declined to stand for election to the convention and in this he was joined by Senator Sergio Osmeña, the leader of the minority group in the legislature. Both men urged that the partisanship so rampant in the previous years be set aside and that the people choose the delegates on the basis of their individual worth.[4] Despite the fact that various candidates played down their party affiliations, the Constitutional Convention was dominated by Quezon's wing of the Nacionalista Party, the Antis, when it was called to order on July 30, 1934.

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[2] U.S. Congress, "To provide for the complete independence of the Philippine Islands...," *Public Law No. 127* (*H. R. 8573*). 73rd Congress, approved March 24, 1934.

[3] The basic facts concerning the Constitutional Convention are taken from Jose M. Aruego's extremely valuable study, *The Framing of the Philippine Constitution,* 2 vols. (Manila, 1936).

In the months between the passage of the Independence Act and the meeting of the convention a variety of people and interest groups began to press upon Quezon their views about the future constitution. The Young Philippines Party, for instance, met in convention early in July and passed a series of resolutions describing a constitution that would please it.[5] The Director of the National Library, Teodoro Kalaw, gathered materials on earlier Philippine and foreign constitutions and had these printed for the delegates. He also drafted a model constitution that he believed would meet Filipino needs.[6] And from America the Reverend John Burke, C. S. P., an old friend of Quezon's suggested that religious instruction in the public schools be made mandatory in the constitution. Even more interestingly he called for a "declaration on human rights" to be placed in the document; and he concluded:

> I would wish that in the economic, social provisions of such a constitution the responsibility of capitalism to the Government be expressed; that the rights of private property be recognized; that the principles of collective bargain, which would give a voice to organized labor, be laid down . . . [7]

Quite obviously the Nacionalista leader did not lack for advice.

Because of his position of leadership, the press regularly asked for Quezon's views about the future constitution and in general he stated only broad principles. But from a hint here, a press statement there, and an occasional formal interview, the delegates and the Filipino people were able to piece together a fairly good picture of a document that would suit the Senate President. If we were to draft a list of Quezon's views, it would contain these observations:

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[4] "Interview by Mr. Boguslav of the *Tribune*," (typescript) Manila, June 18, 1934. Quezon MSS.

[5] "Platform of the 'Young Philippines' Adopted by the First National Convention, Manila, July 1, 1934." Quezon MSS.

[6] Biblioteca Nacional de Filipinas, *Planes Constitucionales Para Filipinas*, Teodoro M. Kalaw, ed. (Manila, 1934). On June 7, 1934 Kalaw gave Quezon a draft of a constitution which he had put together based on a variety of sources. In his letter he mentioned the conservative quality of what he had written: "Debemos en lo posible acepar las téorías americanas (algún tanto conservadoras) para asegurar la aprobación." Teodoro M. Kalaw to Manuel L. Quezon, Manila, June 7, 1934. Quezon MSS.

[7] Rev. John J. Burke, C. S. P., to Manuel L. Quezon, Washington, D. C., June 16, 1934. Quezon MSS.

1. The constitution should parallel America's as closely as practicable. Since Filipino legislators had been trained under American laws, there was no sense in rejecting this experience. President Franklin Roosevelt had to sign the constitution before it could be submitted for popular approval in the Philippines; thus there would be no risk taken that he might reject it.[8]
2. The Constitutional Convention should eschew the introduction of novel and untried ideas. Quezon wanted a conservative document based on experience. To him stability was a most vital quality for a government and thus experiments that could introduced instability should be shunned. Quezon stated it this way to the convention at its opening:

> . . . This schooling in American political institutions is to us a most valuable asset. It would be dangerous and venturesome to reject it for the sake of new and untried theories... It would not be advisable to indulge in the experimentation of those ideas of government that are known to us only from book-reading.[9]

3. The American tripartite separation of powers should be followed. The President's term should be for six years without immediate reelection. The legislature should be bicameral with the Senate elected on a national or "at-large" basis. The judiciary should be independent of the other two branches of government and must be completely free of political pressure.[10]

These views of Quezon were generally known by the time the convention opened. While he had decreed that politics should not be a factor in the election of the delegates, it was. On the eve of the convention's opening the Nacionalista President demonstrated the presence of partisanship when he called for a caucus of his party members. He admitted that the Antis held a majority in the convention; he therefore assumed that the party would have to accept responsibility for the document that was written. He welcomed minority support, and he insisted that the minority be consulted at every stage; but the Anti wing of the Nacionalistas would call the tune.[11] In political negotiations with the Pros who were led by Manuel A. Roxas, it was agreed that Claro M. Recto, a Quezon partisan, would be the permanent convention chairman and Ruperto Montinola, a Pro from Iloilo, would be the vice-chairman.[12] It was through the illustrious Don

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[8] "Interview by Mr. Boguslav," *op. cit.*

[9] "Speech by President Quezon before the Constitutional Assembly," (typescript) July 30, 1934. Quezon MSS.

[10] "Statement by President Quezon," (typescript) June 22, 1934. Quezon MSS. See also R. A. Smith, "Osmeña backs Quezon's positions on conservative constitution," (dateline July 8, 1934) in *New York Times,* August 12, 1934.

[11] "Caucus de delegados a la asamblea constituyente celebrado en el salón del senado el día Domingo, 29 de Julio de 1934," (typescript). Quezon MSS.

[12] Aruego, *op. cit.,* I: 48-51.

Claro that Quezon let his wishes be known to the convention. In justice to Recto, it should be noted that he was no mere mouthpiece for the Nacionalista President and on several occasions he pursued courses of action quite contrary to those preferred by Quezon.

In the course of the six month convention Quezon's views were expressed with increasing frequency. After the opening he left for America and his stand on various issues came through epistles to his Nacionalista disciples. He was back in the Philippines for the final month when the constitution assumed its definitive form at the hands of the general convention and the Special Committee on Style. While in Manila, Quezon was easily accessible to the Convention because his office was close at hand in the same building; but in the last week of the sessions the Senate President almost became a convention member as he sat in with the Special Committee on Style during some of its deliberations.

It would be tedious to catalogue all of the occasions in the constitutional debates where Manuel Quezon intruded his views, but a few of the more significant instances should be noted. When the rather heated question of whether the Philippine Legislature should be bicameral or unicameral erupted, Quezon stood with the bicameralists — provided the Senate were elected on an at-large basis. He argued in a letter to Recto, portions of which were read to the convention, that such a Senate would allow the nation to select its best minds for that body regardless of where they lived.[13] However, because the bicameralists could not agree on the electoral basis for the Senate, the unicameralists won by default. Later, when he had returned from America, Quezon pressed the delegates for a reconsideration of the question; but too many decisions had been reached and the delegates were in no mood to reverse themselves.[14] Several reasons can be advanced to explain why Quezon preferred a bicameral legislature. His own experience lay with such a body; America's congress was bicameral: and a small body like the Senate could easily become a powerful president's legislative arm. The more cumbrous National Assembly would be much more difficult to control absolutely. Quezon's interest in a Senate elected at-large can also be explained politically. While such a system would allow the best people to stand for election, regardless of residence, it would also give the president or party leader a freer hand in selecting the person he would desire to have run under the party label.

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[13] *The Tribune*, November 2, 1934; Aruego, *op. cit.*, I: 237-9.

[14] Aruego, *op. cit.*, I: 242.

When it came to representation in the National Assembly, once the die had been cast for unicameralism, Quezon also had some decided views. He wanted the non-Christian areas (Sulu, Lanao, Cotabato, Mountain Province) represented by appointive assemblymen. This would insure that the more literate Christians were not the only ones representing these areas.[15] Quezon also pressed the delegates not to try to describe the Assembly districts in the constitution. He believed the actual boundaries could best be drawn by later legislation.[16] Such legislation, at least when judged by American political experience, usually results in "gerrymandering" and therefore normally redounds to the benefit of the majority party that drafted the district lines.

During the convention Quezon expressed himself negatively on several important occasions. While supporting the principle that labor and the retail industries should be nationalized (Filipinized), Quezon hesitated to write such provisions into the constitution in the manner suggested by many delegates. Men like Salvador Araneta called for a constitutional requirement that 75 per cent of the capital in industrial, retail, or agricultural enterprises be held by Filipinos or Americans. Other delegates suggested that similar economic enterprises must draw at least 75 per cent of their labor force from Philippine citizens or Americans. Quezon did not disagree with these proposals in principle, but he did recognize that they could cause retaliation from countries whose nationals were affected.[17] Even more importantly, such provisions could contravene existing American commercial treaties and thus the American president would be forced to reject the final document. Above all things, Quezon wanted a constitution that would be quickly signed by Franklin Roosevelt. Delay in the establishment of the Commonwealth could lead to further legislation by the American Congress that might be antithetical to the Filipino interests.

In the end, the Philippine Constitution did reflect almost everything that Quezon desired. The unicameral legislature was an experiment, and as we shall see President Quezon brought that experiment to a halt. The constitution did have some articles in it that departed radically from the American model, the provision for compulsory military or civil service is a good example.[18] But on the whole the document was one that fit Quezon's prescription — conservative and easily accepted by President Franklin Roosevelt. Here we can judge that Quezon was working in his most statesmanlike manner. There definitely was danger in delay. After the passage of the Tydings-McDuffie Act, and even before the Constitutional Convention opened, the American Congress passed legislation setting excise taxes on Philippine sugar and coconut oil. It was one-sided legislation, offensive to Filipinos and fairminded Americans alike, but Congress was insistent.[19] The only protection against more legislation of this caliber would be the launching of the Commonwealth Government and this required a constitution. Manuel Quezon saw to it that first things came first.

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[15] *Ibid.*, 247-9.

[16] *Ibid.*, 245.

[17] Aruego, *op. cit.*, II: 654-63.

[18] Quezon publicly supported this feature in the Constitution with addresses before the Convention on February 5, 1935 and at the University of the Philippines on February 12, 1935. Aruego, *op. cit.*, I: 140-1.

When we turn to the 1940 amendments to the Philippine Constitution, actually passed by the National Assembly in 1939, we can observe more politics and less statesmanship at work in the Malacañang. The movement to amend the constitution began soon after the inauguration of the Commonwealth Government on November 15, 1935. By the summer of 1939 the pressure for change was intense enough that a special session of the National Assembly was called to consider the matter. During 1939 two major proposals had received considerable public examination. One suggestion would abandon unicameralism and return to a two house legislature with a Senate elected at-large. The second matter that had arisen was whether the limitation of one presidential term of six years should be changed. A third constitutional proposal, one that received less publicity than the other two, was to create an electoral commission to control national elections.[20] At the center of the amendments controversy was Manuel Quezon, now President of the Philippine Commonwealth.

As we have noted, Quezon had expressed several times during the 1934-5 convention that he was not pleased with the unicameral legislature. He wanted a two house congress with the Senate elected on an at-large basis. Some three and a half years of working with the Assembly had shown that he could master the body, but such control was rooted in an iron grip on his party. Were a strong minority to emerge, or possibly an opposition party gain control of the National Assembly, it would be possible to hold the president in check and frustrate his legislative programs. With the Commission on Appointments (a commitee within the Assembly) in opposition hands, the president's appointments would be jeopardized and his patronage power severely curtailed. Were he to press too hard he could be removed by the impeachment process which was National Assembly controlled. Practically speaking, the Assembly, if in opposition hands, could act in the manner of the parliamentary governments and show "no confidence" in the president by threatening impeachment or actually doing it. While these considerations were rather remote in 1939, a strong president like Quezon had to look ahead. In public speeches, news conferences, and finally in two messages to the National Assembly, Quezon stressed the desire to have a body that could "take a second look" at legislative proposals. Also the president believed that the Assembly represented constituencies that were too small. A senator, elected at-large, would have the whole country for his constituency and not just a small group of people in a confined geographical area. Whenever asked, Quezon always stated that provision for a Senate was his primary legislative interest.[21] By February 1938 Quezon had gone so far as to inquire informally of President Roosevelt whether he would object to such an amendment; the American president could see no objection at all if that was what the Filipino wanted.[22]

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[19] Garel A. Grunder and William E. Livezey, *The Philippines and the United States* (Norman, Okla., 1951), pp. 223-4. In a letter to a close friend, an American newspaperman, Quezon lamented after the passage of the coconut oil tax: "It is inconceivable to me that such a great people as the American people should place their fate in the hands of so provincial and short-sighted legislators. It may well be said that America can only suffer the mistakes of her own sons." Manuel L. Quezon to Roy W. Howard, Honolulu, T. H., April 12, 1934. Quezon MSS.

[20] Commonwealth of the Philippines, "Message of . . . Quezon . . . to the Second National Assembly (May 15, 1939) on Proposed Constitutional Amendments," in *Messages of the President,* Vol. 5, Part I (Manila, 1941), pp. 300-05.

The proposal to change the presidential office term was quite openly rooted in the desire of many people to see Quezon continue as president beyond six years. The Philippine president normally reacted to questions in this area by saying that he had bought a farm in the Mount Arayat area of Pampanga and he hoped to retire to it in 1941 at the close of his six years in office.[23] But when the proposals became more concrete, particularly to shorten his own six year term to four years, Quezon had another answer. He would have to seek reelection to a second term of four years in order to fill out the six years to which he had been elected; otherwise he would be abandoning those who voted him into office for six years. He also disliked the idea of having the term of an elected official shortened, even by the amending process, and thus his sense of honor would require him to stand for election to a second four year term.[24]

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[21] *The Sunday Tribune,* July 9, 1939. See also typescript of "Speech before the public school teachers of Manila" (June ? 1939). Quezon MSS; "Speech in honor of Floor Leader Quintin Paredes," (typescript) Malacañan, May 22, 1939. Quezon MSS.

[22] Manuel Quezon to Quintin Paredes (radio), Manila, March 2, 1938. Quezon MSS.

[23] Manuel Quezon to Roy W. Howard, Manila, May 13, 1939. Quezon MSS.

The pressures for constitutional amendment eventually caused President Quezon to send a special message to the National Assembly on May 15, 1939. He asked it to pass legislation calling a constitutional convention. He admitted that the presidential term would be the primary business before the convention; but he also wanted this body to change the legislative system and create an elections commission. He warned the Assembly, and here we must question the president's sincerity, that he would not run for reelection if the Constitution were amended by that body rather than a convention of delegates fresh from the people.[25] On Quezon's mind, of course, were accusations that the National Assembly was so thoroughly controlled by him—through the party machinery—that amending the constitution was really no more difficult than passing any law he desired. Actually, as we shall see, this was true. Despite his warning, the Assembly called for a special session to meet on August 16, 1939 to consider amendments to the Philippine Constitution.

Whereas the constitutional convention of 1934-5 had tried to avoid open partisanship, the same spirit did not surround the passage of the new amendments. In the first week of July the Nacionalista Party held a convention in Manila to decide what would be the party policy on the amendments. The party, under the leadership of Speaker Jose Yulo, decided that the constitution should be amended by the special session of the National Assembly. By avoiding a constitutional convention, there would be no representation of minor political interests, and thus the amendments proposed would be solely those satisfactory to the Nacionalistas.[26] The party convention also accepted a formula, arranged by Majority Floor Leader Quintin Paredes, whereby the presidential term would be reduced to four years with one reelection permitted. The convention also resolved that Manuel Quezon should continue for the two four-year terms. In the course of the debates and informal discussion on the so-called "Paredes Formula" it became increasingly clear that the party was looking far ahead. It was accepted that Quezon would be reelected in 1941 and would step down on November 15, 1943 at the end of his eight year. The Vice-President would then serve two years as president. In 1945 Quezon would be eligible for election again, and under the constitution he would be president when the Commonwealth ended on July 4, 1946 and the Republic began.[27]

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[24] "Minutes of Press Conference of August 5, 1939," (typescript). Quezon MSS.

[25] "Message . . . (May 15, 1939) . . ." pp. 302-3.

[26] *The Tribune,* June 14, 1939.

By the time the special session of the National Assembly convened on August 16th, party discipline and Malacañang pressure had assured that the amendments could be passed with little fuss. In fact the amending of the presidential term was so completely agreed upon the Nacionalista leaders decided to pass the resolution on their president's birthday, August 19th.[28] The framing of the three basic amendments (the election commission included), and the necessary detailed modification of other constitutional articles to make the document consistent throughout, took a month. On September 16, 1939 Quezon congratulated the Assembly for its fine work and with a bit of unconscious irony praised that body for voluntarily agreeing to share its power with the newly created Senate.[29]

While the National Assembly easily passed the constitutional amendments, this did not mean that there was no popular opposition to them. The dissident elements were not represented in the Assembly, but they could and did campaign against popular acceptance of the amendments when put to a plebiscite. Despite the vigorous campaigning of those opposed, in the early summer of 1940 the amendments received the necessary popular approval. They could now be sent to President Roosevelt for final acceptance. Here we find a little story that helps to illuminate what is really an academic question: was President Quezon more interested in the revival of the Senate or the changing of the presidential term?

Before the National Assembly met in August, 1939, Quezon had steadily reiterated that his concern was with the Senate question. But the party convention in July brought the two issues into clearer perspective: the Nacionalistas were most interested in the presidential term, and they resolved that Quezon should seek re-election.[30] In his message to the special session in August, President Quezon admitted that the presidential term problem was what had brought them back to Manila. Finally, in the campaigning for the amendments, the party speakers stressed the theme of allowing Quezon more time in office. Yet this does not answer the question. We can see how the Nacionalistas and those who supported the amendments felt; but what about the Commonwealth President?

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[27] *The Tribune,* July 8, 1939; August 6, 1939.

[28] "Re-election to be voted as birthday gift," *The Tribune,* August 12, 1939.

[29] Commonwealth of the Philippines, "Press Statement of . . . Quezon . . . on the National Assembly's Approval of Proposed Amendments . . . (September 16, 1939)," in *Messages of the President,* Vol. 5, Part I (Manila, 1941), p. 466.

[30] *The Tribune,* July 1, 1939.

During the summer and fall of 1940 Quezon and the new United States High Commissioner, Francis B. Sayre, fell into a war of words over the amendments and the question of whether the Commonwealth President needed the emergency powers that the National Assembly had voted him. To Sayre and other American officials, and to the liberal sector of the American press, the new amendments and the request for emergency powers appeared to be the opening steps in a power grab by Quezon. There was much talk of the beginnings of a dictatorship. The Filipino president suspected, *incorrectly,* that Sayre had asked President Roosevelt to veto the amendments.[31] A newspaper quarrel then commenced over whether the American president had the right to veto the amendments.[32] Through it all it was clearly evident that Quezon was most concerned about the presidential term amendment. In the end, once the American elections of 1940 were past and the issue of an extended *American* presidential term had died down, Roosevelt approved the amendments. He even joked with Jose Yulo a bit about complaints in some quarters that Quezon was setting up a dictatorship; but he assured the Speaker and Resident Commissioner Joaquin Elizalde that he had faith in Quezon's democracy.[33] In fairness to Quezon, it should be noted that many Americans had more concern about democracy in America after Franklin Roosevelt's third term victory than they had for democracy in the Philippines.

The final situation to be examined concerns the problem of presidential succession within the Commonwealth Government in exile during World War II. Here the story involves the question of whether the Philippine Constitution should be suspended in order that Quezon might remain in office past the eight year limit which would arrive on November 15, 1943. Pursuant to the 1940 amendment, Vice-President Osmeña would step up to the presidency on that day and Quezon would become a private citizen for the first time in almost 40 years.

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[31] Sayre wrote a long letter to President Roosevelt in which he recommended that the amendments be signed; but he believed that they were "unnecessary, undemocratic, and inadvisable." Francis B. Sayre to President Franklin D. Roosevelt, Manila, July 25, 1940. Department of the Interior, Division of Territories and Island Possessions, File Box 3. U.S. National Archives. State Department concern over the status of democracy in the Philippines was reflected in a "Memorandum from the Division of Philippine Affairs," File 811b.001 Quezon/146, August 15, 1940. U.S. National Archives. Typical of periodical writing hostile to Quezon was: "The Filipinos Surrender to Dictatorship," (ed.) *The Christian Century,* September 25, 1940, p. 1163.

[32] The Quezon-Sayre dispute over whether President Roosevelt had the power to veto Philippine constitutional amendments was reviewed in the *Manila Daily Bulletin,* December 10, 1940.

[33] Joaquin Elizalde to Manuel Quezon (radio), Washington, D. C., July 31, 1940; Jose Yulo to Manuel Quezon (radio), Washington, D. C., October 9, 1940; Jose Yulo and Joaquin Elizalde to Manuel Quezon (radio), Washington, D. C., November 19, 1940. Quezon MSS.

In the spring and early summer of 1942 Quezon, Osmeña, and a portion of Quezon's cabinet were evacuated from the Philippines and brought to Washington to constitute a Philippine Commonwealth Government in exile. This movement was undertaken at the orders of President Roosevelt; and the purpose of the exile government was to keep before the world evidence of Philippine resistance to the Japanese. In terms of international law, the Quezon government became the *de jure* government of the Philippines and the Japanese occupation government was the *de facto* government.[34] Germane to the discussion that follows was the fact that constitutional government in the Islands had been interrupted, but constitutional processes were being carried on in Washington despite the absence of the judicial and legislative branches of the Commonwealth Government. Very obviously the question of presidential succession had several dimensions to it beyond the personal fortunes of Manuel Quezon and Sergio Osmeña. In American government circles the basic question asked was whether Quezon's leaving office would affect the conduct of the war and the morale of the Philippine guerrilla resistance movement. For partisan-minded Filipinos the question turned on how Quezon's continuance would affect post-war politics in the Philippines.

Among American government officials there was a general reluctance to set aside the Philippine Constitution in order to continue Quezon as president. To State Department and Interior Department officials, including both secretaries, it seemed inconsistent to be fighting for democratic government throughout the world and at the same time deny a man (Osmeña) his legal office.[35] However President Roosevelt, Secretary of War Henry Stimson, and General Douglas MacArthur saw things differently. All were agreed, and the president was most insistent, that the war effort would be hampered were Quezon to step down.[36] Despite the obvious difficulties, Quezon had continued his contacts with Filipino resistance leaders like Tomas Confesor, Carlos P. Garcia, and Macario Peralta. These men were keeping the message alive that Quezon was still in power, that American would help to rehabilitate the Philippines, and that in the not too distant future the American counterattack would begin. MacArthur believed that to substitute Osmeña for Quezon could jeopardize everything — Quezon agreed.

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[34] The background and international law aspects of the situation were admirably stated in a lengthy legal brief by ex-Attorney General Homer Cummings. See Homer Cummings to Sergio Osmeña, November 1, 1943. Quezon MSS.

[35] Harold E. Ickes to President Franklin D. Roosevelt, Washington, D. C., September 1, 1943; Cordell Hull to President ("Memorandum for the President"), Washington, D. C., September 8, 1943. File 400 Philippines, Franklin D. Roosevelt Manuscripts, Franklin D. Roosevelt Library, Hyde Park, New York.

[36] Memorandum of a Conversation, Office of Philippine Affairs, November 4, 1943. Department of State, File 811b. 01/623. National Archives.

In the Commonwealth Government the problem of succession boiled over during October 1943. Vice-President Osmeña informed Quezon that there was a succession question to be settled and he assumed that he would take over on November 15th. In a series of letters between the two men the fine points of the Tydings-McDuffie Act, the Philippine Constitution, international law, military policy, and good sportsmanship were examined. Copies of each exchange were dutifully sent to President Roosevelt to keep him informed.

Basic to Quezon's argument was the fact that the constitutional government of the Commonwealth had been terminated when the Japanese took over. Under the Tydings Law, appended to the Philippine Constitution, there was the provision that the President of the United States could suspend the Philippine Constitution when constitutional government was impossible. Quezon also argued that when Roosevelt ordered him out of the Philippines he meant that he should continue as president of the Commonwealth until he returned to the Islands. As a rather cutting fillip to the argument, Quezon noted that Roosevelt had not invited Osmeña to Washington and obviously had not planned to have Don Sergio take over the presidency. It might be added that Quezon's letters to Osmeña fairly bristled with the usual sharp language that the fiery Filipino reserved for errant subordinates.[37]

The Philippine Vice-President was not cowed in the least by Quezon's arguments. He steadfastly maintained that constitutional government did exist in Washington, in fact both Presidents Roosevelt and Quezon had assured the Filipinos in a Washington Day address earlier that year that this was the case. Thus there was no legal basis for the American president to set aside the Philippine Constitution. Osmeña agreed that political-military considerations could not be ignored. If the military leaders stated that Quezon should remain in office, then the American Congress should be approached to pass appropriate legislation. Osmeña insisted on one point, however, the Philippine Constitution was quite clear on who should be in office; if Quezon was to continue as president, the Philippine Constitution had to be suspended. Osmeña did not feel that he should ask for such action; he would find it hard to justify it when both finally returned to the homeland.[38] Politically speaking, neither man wanted to be on record recommending the suspension of the law of his land.

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[37] Manuel L. Quezon to President Franklin D. Roosevelt, Washington, D. C., October 17, 1943; Manuel L. Quezon to Sergio Osmeña, Washington, D. C., October 20, 1943. Quezon MSS.

Quezon was further hemmed in by another consideration. He could not ask to have President Roosevelt or Congress suspend the Philippine Constitution — this would appear to be self-serving activity. On the other hand, neither President Roosevelt nor the Congress felt it could act without being formally asked by the Filipinos. Thus the burden to decide fell on Sergio Osmeña and he insisted that his own right to the office of Commonwealth President was beyond question.

On November 3, 1943 the whole problem was brought into the open by President Quezon at a cabinet meeting. No one present would take sides and Quezon dismissed the group. Osmeña then talked privately with Quezon and let him know that he would step aside if Quezon wanted it that way. Psychologically Osmeña had the upper hand—Quezon would have to ask to stay on. Quezon simply replied *"Tu cuidao, tu cuidao."* (It's up to you.)[39] The next day Osmeña talked with Senator Tydings and on November 5th he brought to Quezon and the cabinet a letter he had drafted. It was addressed to Senator Millard Tydings and Representative Jasper Bell, both being chairmen of the congressional committees concerned with Philippine affairs. In the letter, which was eventually signed by Quezon, Osmeña, and the cabinet (Quezon signing last), the United States Congress was asked to take whatever action it deemed best to clear up the succession question.[40] The resultant action was Senate Joint Resolution 95, signed by President Roosevelt on November 12, 1943. The Philippine constitutional provisions concerning the presidency were suspended; President Quezon and Vice-President Osmeña would continue in their respective offices until constitutional government was again restored to the Philippines.

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[38] Sergio Osmeña to Manuel L. Quezon, Washington, D. C., October 18, 1943; October 19, and October 25, 1943; Sergio Osmeña to President Franklin D. Roosevelt, Washington, D. C., October 27, 1943. Quezon MSS.

[39] "Cabinet meeting held Wednesday, November 3, 1943 at 3:20 p.m. at the Shoreham Hotel," (typescript). Quezon MSS. See also Sotero H. Laurel, "with Don Sergio in War-time Washington," *Manila Times*, September 9-11, 1962. A much less accurate version is provided in Jesus V. Merritt, *Our Presidents: Profiles in History* (Manila, 1962), pp. 64-68.

[40] Sergio Osmeña, Manuel Quezon, *et al.*, to Senator Millard Tydings and Representative Jasper Bell, Washington, D. C., November 5, 1943. Quezon MSS.

The resolution had passed the Senate unanimously on November 9th, but in the House of Representatives there was heavy opposition to it. Filipinos in America, particularly those in California, were opposed to suspending the constitution and several of these Pinoys appeared before the congressional committees to state their opposition to the proposed change. On the final day of debate in the House, Vice-President Osmeña was asked by Representative Bell how he felt about the resolution. In his traditionally straight-forward manner Osmeña said he would abide by any decision reached; but if Mr. Bell wanted to know his honest views he need only to read the letters that Osmeña had sent to Quezon on the subject, and he enclosed them for ready reference.[41]

Some writers have described this episode as "Osmeña's finest hour"; perhaps it would be more appropriate to call it "Quezon's worst hour." The clue to Quezon's conduct — his aggressive attempt to deny the presidency to Osmeña—perhaps lies in a chance remark made during that bitter cabinet meeting of November 3, 1943. He directed the attention of the group to a personally autographed photograph that President Roosevelt had given him the year before when the exiles arrived from the Philippines. The inscription promised that Quezon would be returned in triumph. Quezon told the group that "I construed (it) to mean that I will be President until I return to the Philippines, for it is obvious that I cannot return in triumph if I were to return as a private citizen." To return to the Islands as Citizen Quezon was unthinkable; and the thought of Osmeña returning in triumph, to reap the political harvest that would attend such an act, undoubtedly drove Quezon to grip his office as if it were life itself. In terms of the man from Tayabas, it was. But whether suspension of the Philippine Constitution was necessary is now a moot question. The hand of God intervened on August 1, 1944; and it was Don Sergio who waded ashore near Tacloban on October 20, 1944.

At the beginning of this paper we noted that Manuel Quezon was a politician whose natural responses fitted that breed of man. He did influence the framing of the Philippine Constitution in many ways that would make it easier for him to wield political power. Yet his greatest influence was a conservative one; he saw to it that the document would be an acceptable one in America. For that moment in Philippine history it is hard not to conclude that this was a worthy goal. From this brief study we can also conclude that the 1940 amendments to the constitution and the succession crisis of 1943 were products of Quezon's ambition to keep the reins of government in his hands. Here we might note that two Americans, at different times and under different circumstances, advised against the actions that Quezon took. His old friend Roy Howard, the owner of the Scripps-Howard newspaper chain, advised the Commonwealth President to bow out at six years and not force the amending of the constitution. Howard believed that Quezon's place in history was secure and he could retire confident that he had served his country best by stepping aside.[42] Four years later, during the House debate on Senate Joint Resolution 95, Representative Walter Judd of Minnesota expressed the belief that Manuel Quezon should not be extended in office. Judd predicted that Quezon's prestige would be further enhanced by his retiring rather than seeing the Philippine Constitution set aside.[43] In both cases, as we have seen, President Quezon ignored the advice that was proffered so gratuitously. Pragmatically speaking, the Quezon Monument is a judgment on Manuel Quezon's conduct and services to his country; unfortunately edifices of such grandeur are seldom constructed to those "who also stand and wait."

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[41] The debate in the House of Representatives can be found in U. S. *Congressional Record,* 78th Congress, 1st Session, pp. 9378-80 (November 10, 1943). Sergio Osmeña to Jasper Bell, Washington, D. C., November 10, 1943. Quezon MSS.

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[43] U. S. *Congressional Record,* 78th Congress, 1st Session, pp. 9379-80 (November 10, 1943).

[42] Roy W. Howard to Manuel L. Quezon, New York, N. Y., May 23, 1939. Quezon MSS.

NOTES ON PHILIPPINE PALAEOGRAPHY

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Introductory. From the time the Spanish priest-scholars started writing on the Philippine system of writing in pre-hispanic times, scores of writers had followed the formers' footsteps—with all the caution of learned scholars and the imagination of mythologist-cum-fictionists. Indeed, we, in contemporary times, are staggered by such voluminous works, not to think of the many popular writings on the subject.

In very recent times, within the period of a decade to be exact, two works appeared which treated on the subject. It is the purpose of this short paper to review, or write notes on them.

* * *

The *first* work is by the late Gabriel A. Bernardo * entitled "A Bibliography of the Old Philippine Syllabaries," (U.P. Library, 1953). It was "a paper presented at the joint meeting of the Fourth Far Eastern Pre-History Congress and the Anthropology Division of the Eighth Pacific Science Congress, held at Quezon City, Philippines, November 16-28, 1953." Whether or not this was a paper in the strictest sense of the word, we are not in a position to judge, since it was accepted by such an august congress of scholars. However, we may question its propriety as a *paper,* for there should have been an extensive introduction to justify its being a paper as such.[1]

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* This part of the Notes had already been written long before the demise of the Professor. Unfortunately, this Notes had to come out without its being given due notice by him.

[1] A letter was sent to the Ateneo de Manila Department of History (where the late Professor Bernardo had been employed after his retirement from the U.P.) inquiring about any further work done on his Bibliography. The Chairman of the Department replied in a letter (Quezon City, 14 May 1962): "Professor Bernardo is at present writing down his study on the old Philippine syllabaries which he presented orally at the joint meeting of the Fourth Far Eastern Pre-History Congress and the Anthropology Division of the Eighth Pacific Science Congress, held at Quezon City in November, 1953. We understand he is putting this study in final form for publication as the introductory part of his Bibliography which he has already revised and augmented."

Unfortunately, the good professor's demise may have stood in the way towards the final work's completion. And our present review is primarily based upon the cyclostyled copy of said paper.

Apart from the above observations, there are at least two significant points that need be discussed here *in extenso*. (a) Bibliography-wise [2] there are a number of errors which may be attributed to typographical exigencies, e.g., "archipelago," for "Archipelago," "Frattwern" for "Trattnern," etc. This kind of errors is minor and may just as well be dismissed here, for they could be rectified by the casual reader. But, note Item 23, p. 6. "Bamschweig" after *Globus* for "Braunschweig." This is a perpetuation of the same mistake in Sevilla and Alveros' *Sinupan,* p. 161, from which the present was copied.

However, side by side with these typographical mistakes, there are more serious errors which the present writer encountered as he read through the bibliography. Read—

> Page 2, Item 7:
>
> The *Biblioteca nacional Filipina* has in reality various sets of pagination: (1) continuous for each issue as indicated below the text, and (2) separate for each article appearing in instalments, such as the "Instituciones," as indicated on top of text.
>
> In the first citation (v. 1, no. 3, p. 26-27), pagination refers to that of the article not to be *Biblioteca.* Since the reference is to the article as found in the *Biblioteca,* however, the correct pagination should preferably be recorded as: "Instituciones filipinas," p. 26-27. (In *Biblioteca nacional filipina,* December, 1908, v. 1, no. 3, p. 44-45).
>
> Page 40, Item 132:
>
> In his *Bibliografia* (*vide* Palma's *Biografia de Rizal,* Manila 1949, p. 372), Luis Montilla gives the title of this as "Sobre la nueva ortografia de la lengua. (Carta a mis paisanos)." This was also translated into English, with introductory notes, by E. A. Manuel in the *Philippine Social Science Review,* July, 1935, v. 7, no. 3, p. 193-208.

The foregoing are just two of the most significant errors that should be rectified in case the bibliography will be revised.

(b) The citations of work included in the *Bibliography* appear to be indiscriminate. Of the 177 items, more than 25 [3] are apparently unnecessary citations, considering the fact that new information regarding the study of Philippine scripts would be the primary criterion towards the inclusion of such items. These items had been examined by the present writer,[4] and found them to have not added a bit of significant information for the broadening of our knowledge of the history and development of Philippine scripts. These items, if we may be blunt about them, are merely repetitions of views, questionable in most cases, of earlier workers. Take for instance, item no. 3: "Alip, Eufronio M., Philippine Civilization (before the Spanish Conquest); with an Introduction by Teodoro M. Kalaw, Manila, University of Sto. Tomas Press, 1936, p. 107. 'The Native Alphabet," p. 28; 'Direction of native writing', p. 29." What information could this two-page citation give? Would it give us new insight into the study of Philippine scripts? This kind of citation is the pattern in all the other items referred to (*vide* fn. 3, *infra*).

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[2] The present writer is indebted to Mr. Mauro Garcia of the National Institute of Science and Technology (he is one of the leading Bibliographers in the country) for checking up the references to the errors.

[3] Item Nos. 2, 3, 11, 25, 27, 35, 36, 74, 76, 77, 90, 101, 108, 109, 110, 118, 131, 146, 149, 150, 151, 158, 159, 168, 171, and 177.

[4] The present writer is preparing a monograph on Philippine scriptology, which he hopes to put in press towards the end of the year.

The present writer does not cite these works in his monograph because they have no value in the whole context of that study.

The *second* work is by Pedro A. Gagelonia, entitled "Evolution of the Alphabet," published in the Far Eastern University Faculty Journal, vol. 7, no. 1, July 1962, p. 439-459. This is a paper, which attempts to review (?) the development of the alphabet, which is itself self-explanatory in the paper's title. The paper deals with two general topics on the evolution of the alphabet, per se. The first part apparent in the work is the development of the Roman alphabet, which the present writer feels incompetent to discuss.

The second part is obvious in the work — that on the study of Philippine scripts. It is this part, that he feels comparatively competent to review. There are a number of mis-representations in the paper which can not be condoned. However, only the most serious will be treated here as the nature of the present review-article calls for a limited space.

> .....Peter Peterson in his investigation about Prakrit and Sanskrit inscription, Katywat, India, 1896, was very certain that the inscription engraved in a dark granite stone which stands at Junagadha near the modern Patna was totally different from the Sanskrit or any major Indian alphabets. He concluded that the language was probably Magadhi which was in use during those times.[45] (p. 450-51) Table II shows other alphabets of the Mainland of India. Gardner concludes that the Vengi alphabet is a descendant of Kawi, the ancient sacred language of Java. He believes that Kawi had but little influence on the Philippine alphabet.[49] (p. 450-451)

Figure 45 refers to a footnote of that number which may be cited:

> "[45] Peter Peterson, *Prakrit and Sanskrit Inscriptions of Katywat*, Bhavnagar, India, 1896." (p. 451)

The date 1896 in both the text and the footnote citations seems interesting: first, because its citation in the text itself implies that the Prakrit and Sanskrit inscriptions of Katywat were inscribed in that year; and second, because its citation in the footnote clearly indicates that it is the year in which the work of Peterson was published at Bhavnagar. The first (implication) shows Gagelonia's indiscriminate use of the date. Certainly, even without examining Peterson's work, the Sanskrit and Prakrit inscriptions were inscribed far earlier than 1896. Moreover, the connection that Gagelonia indicates between the investigation of the Prakrit and Sanskrit inscriptions of Katywat and that of Junagadha seem significant, for the former place is located somewhere in northeastern India, while the latter is just northwest of the West Bengal state.

In the first sentence of the paragraph, Gagelonia refers to alphabets, while in the second to language. This is self-contradictory. Moreover, in the first sentence, he refers to Sanskrit as alphabet. It must be understood that Sanskrit *is* a name of a language and *not* of an alphabet. There has never been in the history of the Sanskrit language[5] that the word *Sanskrit* (√krt + sams — *samskrt,* "adorned, refined") was used as a term to name an alphabet. Strange enough that in its later development, and even earlier, the language used the Brahmī, whose development to the Devanāgarī script later became accepted, as the script in which it was written. It must not, however, be overlooked that a great number of the monumental Sanskrit inscriptions in India were written in the Karosthi scripts.

For the information of Gagelonia, Magadhi is just one of the many *Praktic* (√krt + pra — *prakt,* "unrefined, unembellished, etc.") forms or dialects of Sanskrit, the refined or adorned language that came out of the pen of the great sage Pāninī, the world's first grammarian (dated c. 500 B. C.).

> Georg Bühler, another scholar, believed that the Asoka alphabet probably originated long before the reign of King Asoka.[46] (p. 451)

Figure *46* refers to a footnote of the number which may be cited:

> "[46] *op. cit., p. 82.*" (*ibid.*)

Indeed, this sentence is as confusing as it is singularly opaque. The sentence should have read, thus: ". . . . that the alphabet used in the Asoka inscriptions probably . . . . ", because the alphabets used in the Asoka inscriptions could not be called *Asoka alphabet* as such, since it has originated long before Asoka lived. Georg Bühler[6] wrote that, palaeographically, writing in India is already known during the 5th or perhaps even during the 6th centuries B.C. and that the Asoka inscriptions were written in both the Brahmi and Karosthi scripts.[7] Therefore, we cannot, just offhand, call the scripts used in the Asoka inscriptions as *Asoka alphabets*.

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[5] *Vide* T. Burrow, *The Sanskrit Language*, London, n.d.

Bibliography-wise footnote 46 is interesting. It says: "*op. cit.*, p. 82." The present writer knows of no other work of Georg Bühler on Indian Palaeography except that one cited above (fn. 6) which is actually a translation (by John Faithful Fleet) of the original German work entitled *Indische Palaeographie*, and originally published as Part II of Vol. I of Dr. Karl J. Trübner's "Grundriss Der Indo-Arischen Philologie Und Altertumskunde" (or Encyclopedia of Indo-Aryan Research . . . *Vide* Indian Antiquary, XXXIII, 1904. Introduction to the Translation of J. F. Fleet). The reference to "*op. cit.*, p. 82" implies that Gagelonia was citing this particular work in a previous reference in his paper. But turning back the pages of the work in search for such reference proved fruitless. Moreover, in checking with Bühler's work, such reference is conspicuous by its absence. However, a check on the work of Gardner[8] revealed that Gagelonia used that work for a reference.

The citation must be rectified thus: "[46] in Gardner, *op. cit.*, p. 82." or "[46] *Vide* Gardner, *op. cit.*, p. 82."

> Table II shows other alphabets of the Mainland of India. Gardner concludes that the Vengi alphabet is a descendant of Kawi, the ancient sacred language of Java. He believes that Kawi had but little influence on the Philippine alphabet.[49] (p. 451)

Figure *49* refers to a footnote which may be cited: "Pardo de Tavera, in his book 'Contribucion Para El Estudio De Los Antiguos Alfabetos Filipinos,' completely ignored the Asoka element." (p. 451)

This paragraph shows a similar confusion between alphabet and language, i.e., "Vengi *alphabet* . . . . descendant of Kawi, the ancient sacred *language* of Java" (italics supplied). What is singularly significant in this paragraph is Gagelonia's footnote citation

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[6] "Indian Palaeography," INDIAN ANTIQUARY, XXXIII, 1904. Appendix (Rep. in INDIAN STUDIES: PAST AND PRESENT, vol. I, 1959, Calcutta). Or "Indian Studies III: On the Origin of the Indian Brahma Alphabet," SITZUNGSBERICHTE DER KAISER AKADEMIE DER WISSENSCHAFTEN IN WIEN, band CXXXII, 1895; and "Indian Studies III: The Origin of the Karosthi Alphabet," *Ibid.*

[7] *Ibid.*

[8] *Philippine Indic Studies.* San Antonio, Texas, 1943.

(fn. 49). Pardo de Tavera wrote in his work which was cited by Gagelonia:

> Los alfabetos Filipinos tienen con los caracteres de las inscripciones de Asoka una semejanza mas grande que con ningun otro alfabeto de la India ó la Oceania. Creemos que provienen directamente de él y que han conservado muy fielmente su forma primitiva. El origen Indio de estos alfabetos no se puede poner en duda. (p. 18)

If the present writer's knowledge of the Spanish language does not fail him, the above citation *from* T. H. Pardo de Tavera's work seems to be diametrically opposed to Gagelonia's reference that the former writer "completely ignored the Asoka element." Or was it T. H. Pardo de Tavera who had manifested a self-contradictory tendency as to have made Gagelonia write such a reference? However, it seems clear that Pardo de Tavera was explicit. There can never be any other interpretation (or translation) of latter's statement, unless we read into it new meanings for each of the words in said statement.

Moreover, the phrase *de él* in the second sentence could not have any other antecedent than Asóka. If it is not, then the present writer's knowledge of the Spanish language is under question.

> Holle according to Gardner said that "the first writing was introduced into Java in the 3rd century of our era. It is possible that the first introduction of Indic writings into Java may be considered as occuring in the time of Prince Saka, which could bring it to the closing years of the 1st century A.D. The beginning of the Saka era is variously estimated at 68 to 70 years A.D. It seems very likely that some of the teachers may have been responsible for the introduction of the Sanskrit words into ancient Java which was the greatest Indonesian family of language. (p. 451)

The information given in the foregoing paragraph (particularly the dates) had already been superseded by new discoveries in the field of epigraphy in South East Asia in general and Java in particular. K. F. Holle's work[9] was written more than 80 years ago, and between that time and the present those new epigraphic discoveries were made.

While writing was already known in ancient Funan as early as c. 197 A.D.,[10] writing was not known in Java till the 5th century A.D. by the appearance of the earliest known inscriptions in West Java. This inscription was inscribed by a certain *raja* named Pūrnavarman, and the script used as a Pallava Granthā type, a South India development of the Brahmī script.[11] Almost contemporaneous with this inscription were those found in East Borneo whose date has been placed towards the middle of the 5th century A.D. and whose scripts partake of the traits of the Pūrnavarman writing. These inscriptions were inscribed on sacrificial posts (*yupa-s*) by a *raja* named Mūlavarman.[12]

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[9] "Tabel van oud- en niewe-Indische Alphabetten," BIJDRAGE TOT DE PALAEOGRAPHIE VAN NEDERLANDSCH-INDIE, Batavia, 1882.

[10] *Vide* R. C. Majumdar, *Sanskrit Inscriptions from Kambuja.* Asiatic Society of Bengal Monograph Series, VIII, Calcutta, 1953.

The Saka era has been definitely placed in 78 A.D.[13] It must be understood that the Saka era has its original locus in South India, and not in Java as implied in the citation of Gagelonia.

The last sentence of the paragraph ("It seems . . . . languages.") seems irrelevant to the context of the whole section. Gagelonia starts with a citation regarding the date of the introduction of writing in Java, and ends up with introduction of "Sanskrit words into ancient Java which was the greatest Indonesian family of languages." Add to this irrelevant reference is the grammatical error, side by side with the misinformation (which should be rectified by recasting the statement, thus: " . . . into Javanese, which is the most important language in the whole Indonesian archipelago." or " . . . into Javanese, which is one of the most important languages in the great Malayo-Polynesian family of languages").[14]

The conclusions of Gagelonia have not actually proved anything. It appears that he had merely repeated what Gardner had tried to prove in his book, "Philippine Indic Studies." Indeed, we cannot even accept Gardner's conclusions without caution and criticism, for reasons obvious enough to be discerned if one reads through the whole work carefully.

Similarly, his citation of J. V. Panganiban is not necessary for such a citation does not have any significant relevance to the subject as treated by Gagelonia. It does not have any relation with the development or evolution (to paraphrase Gagelonia) of Philippine scripts for it deals mainly with development of sounds—Spanish and English—as they are adopted into the Philippine languages.

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[11] *Vide* B. Ch. Chhabra, "Expansion of Indo-Aryan Culture during Pallava Rule as Evidenced by Inscriptions," JOURNAL OF THE ASIATIC SOCIETY OF BENGAL-LETTERS, I, 1935. Also R. C. Majumdar, *Ancient Indian Colonies in the Far East*, II — SUVARNADVIPA, 2 parts.

[12] *Vide* J. Ph. Vogel, "The Yūpa Inscriptions of King Mūlavarman, from Koetei (E. Borneo)," BIJDRAGEN TOT DE TAAL- LAND- en VOLKEN- KUNDE, vol. LXXIV, 1918.

[13] *Vide* Louis-Charles Damais, "Études d'Épigraphie Indonésienne." BULLETIN DE L'ÉCOLE FRANCAISE D'EXTREME ORIENT, tome 45, fasc. 3, 4; 46; 1; 47, 1; 49, 1.

[14] *Vide* and *Cf.* J. Gonda, *Sanskrit in Indonesia.* Nagpur, 1952; Renward Brandstetter, *An Introduction to Indonesian Linguistics.* Royal Asiatic Society, London, 1916; and Otto Dempwolff, *Vergleichende Lautlehre des Austronesischen Wortschatzes.* Berlin, 1934, 1937, 1938. (3 volumes).

Perhaps the most glaring error that Gagelonia had committed in the paper under review is the publication of the five tables from Gardner's work, "Philippine Indic Studies," without acknowledgments to or permission of the publisher. This is a gross violation of the copyright law. It would seem that the tables as published by Gagelonia had been originally prepared from "original sources," which, of course, is not, for we have evidences to the contrary.

The rest of the discussions preceding and following the points raised in the above review appear irrelevant, and had been left as they are, but not without giving Gagelonia the benefit of the doubt on all these points.

* * *

In résumé, while it has been shown that Bernardo's work contained some misinformations and unnecessary citations, its value as a guide for future workers in the field cannot entirely be ignored. However, the work of Gagelonia, while it has contributed nothing to further our knowledge of Philippine scriptology, has only added to the present confusion in the field of study. This review-article cannot add anything more than what we had written above.

THE AGE OF AWAKENING

Part Five: THE EARLY FINANCIERS

Eduardo Lachica

There is an inseparable relationship between the economic growth of a country and the history of its financing institutions. While it may be somewhat an oversimplication to regard these establishments as the fountainheads of all progress, they are undoubtedly a faithful reflection of a country's prosperity or lack of it.

From this point of view, it is not difficult to see the one predominant reason why there was hardly any economic growth to speak of prior to the opening of the port of Manila to foreign trade early in the 19th century. There were simply not enough sources of funds available for developmental purposes. The government, which seemed to be constantly in debt, could scarcely be expected to play the part of creditor. In the cultural backwardness of the colony, there were none who could appreciate the *avantegarde* principles of public financing that were being dramatically demonstrated in Europe by the Fuggers and the Rotchschilds.

The few really wealthy families seemed content to live in a baronical elegance, unconcerned about the moral obligation imposed upon those in command of riches to put them to work in productive ways that would benefit the greatest number. The only sources of loanable funds in the entire archipelago were the religious organizations that grew to such power and influence in the 18th century as to pose an actual threat to the autonomy of the government itself.

And here lies the root of a peculiar historical circumstance whose effects are still felt today. In the early years of the Spanish occupation the various religious orders established funds independent of their own needs purportedly for charitable purposes—for the provision of dowers to poor girls, the education of children, the relief of the widowed and of those cast into prison, the support of hospitals, the maintenance of regular religious services and sundry others.

Among these *obras pias* (pious works), as they came to be known, were the Hermanidad de la Misericordia (Brotherhood of Mercy) which dated back to 1596, and those of San Juan de Dios and the Tertiary Order of St. Francis. They were actually among the first large-scale charitable foundations established in the world, antedating the giant philanthropic concerns in the U.S. (such as the Ford and Rockefeller foundations) by whole centuries.

A rough parallel could be drawn between the growth of religious wealth in the Philippines and that of the leading private fortunes— but only to an extent. Unlike family property which was subject to dissipation through inheritance and irresponsible management, the religious funds, being institutional in nature and in the hands of friars who were not exactly inexpert in managing these things, could only grow larger through the years.

The great temporal influence of the Catholic church was reflected in the practice common with the wealthy of willing large portions of their estates to the religious funds. In 1759, a governor-general, nearing his reward with a quarter of a million pesos of suspiciously acquired wealth, bothering his conscience, squared away things by leaving the entire sum to the *obras pias*.

Thus through sheer monetary accretion if nothing else, the *cofradias* and the *ordenes de tercera* gradually became the real economic powers in the colony.

At some point in the country's early history, quite likely only a few years after the first *nao* departed the Manila roads for Acapulco, a far more effective way of multiplying the wealth of the ecclesiastical *fondos* was brought into use. The funds were invested in the highly profitable (and at other times extremely risky) galleon trade.

William Lytle Schurz, perhaps the greatest modern authority on the galleon trade, ascribes to these religious funds in Manila a major role in the financing of the overseas enterprise. There were actually three distinct religious elements participating in the trade. First, there was the diocese which had a traditional claim to the *boletas* — assigned spaces for cargo in the hull of the galleon — donated for charitable purposes. Then another faction was represented by the religious orders. The orders by themselves were inhibited from obtaining boletas but oddly enough individual members of these organizations could do so. The names of friars frequently appeared on galleon manifests. In 1776 two cases of goods were shipped by the "Very Reverend Fray Pedro de San Miguel, provincial of the Augustinians." In 1683 there was a minor uproar over an alleged Jesuit consignment on the *Santa Rosa*.

Finally, there were the *obras pias*. They became eventually the most important ecclesiastical factor in the galleon trade. While the right of the other religious elements to gain benefits from the galleon trade was never clearly defined, the *obras pias* got an outright sanction to take part in commerce as a result of the law of 1769. Two other considerations favored the *cofradias*. They had a decided advantage over the other traders in that they had a well-organized operation which benefited from continuing and long-range policies. Compared to these systematic investments, the activities of the independent merchants were fortuitous and haphazard. Many of these traders were transients gambling on a quick killing from the silver exchange which would enable them to return to Europe with at least something to show for their pains.

Furthermore, the *obras pias* had sufficient capital reserves to allow them to invest in some depth. Thus, they could "make larger investments if prospects were good or afford not to if profits were small."

The role of these religious trusts in the galleon trade was twofold. They were in it, first of all, as actual traders, consigning goods aboard the ships on their own account. But perhaps their most valuable contribution to the trade was the virtual banking and insurance services they offered the independent merchants.

As bankers of trade, they financed much of the 17th and 18th century commerce. Garcia de Villar, secretary of the Misericordia, recorded that between 1734 and 1766 this august body loaned to galleon traders a total of ₱3,319,787. During the same period, eight other *obras,* on the basis of their comparative resources, probably loaned out an aggregate of at least five million pesos. They had an out-and-out monopoly in the banking business. Even the richest merchants had to borrow from them, for no other entities carried such large reserves apart from the government-owned *Caja de Depositos.*

The interest charged on these loans fluctuated between 20 and 50 percent depending on various factors shrewdly weighed by the directors of the religious funds.

The solvency and the personal credit of the debtor were first considered. Then the friars considered the prospects of the Acapulco fair where the Chinese silk carried by the galleons was exchanged for Mexican silver. Finally, the possibility of a shipwreck or the galleon's capture by pirates or enemies was given serious thought, for in the eventuality of either the trip would be a total loss.

The trustees had to take into consideration certain circumstances affecting the success of the voyage. The earlier arrival of the regular fleet from Spain at Vera Cruz had the adverse result of lowering prices at the Acapulco fair. Changes of policy, such as those effected in 1835, often nullified calculations based on the habitual leniency of customs practices at the Acapulco end. On the other hand, a prosperous year in New Spain brought about by a rich turn-out from the silver mines or an exceptional harvest from the valleys of Jalisco and Puebla would create a heavier demand for the luxuries shipped from the East.

The trustees were also accustomed to carry on their books a special reserve against losses insurance-wise. This jacked up interest rates even higher. The account of money in circulation was another vital factor affecting maritime financing. In times of depression such as occasioned by a disastrously unprofitable voyage interest rates were lowered to encourage more trading and speculation.

If he was wise to the odds in this business, a borrower would ask for twice as much as he intended to invest in a single trip, keeping the balance as a reserve from which he could pay interest in case there was an undue delay in the arrival of the galleon. When a ship was lost, the loan was written off by the insurance. Thus many borrowers who lost money kept paying interest until they were taken off the books by a shipwreck!

Padre Zuñiga, whose own order reaped enormous profits from the trade, severely condemned the patronage of the Acapulco voyages by the religious factions. Presumably, there were many other wearers of the cloth who held such grave doubts about the propriety of the Mother Church involved in this altogether mundane activity.

But looking at the matter in retrospect. It would seem that the Church had little choice but to do what it did. Large sums of money bring with them the responsibility of investment and fruitful growth. It would have been a fiscal sin though perhaps a moral virtue to have merely allowed the episcopal coins to gather dust in their coffers. The galleon trade offered the *only* opportunity for profitable investment; there just wasn't any other kind of business worth going into.

But what was an even motivation, of course, was the need to strengthen the economic power of the church. The Philippines was very much a mission territory and the prime mission of the church was to propagate itself. In the narrowly zealous vision of the high churchmen, there was justification enough to make a bargain with Mammon.

But the hour had to strike too for the powerful *obras pias*. With the destruction of the galleon trade went their chief source of revenue and they were further weakened by the practice of the government of dipping into their funds for purposes of its own. The government finally saw fully the dangers in this partnership with the church and ordered the 15 *obras pias* reduced to four. When the charter of the Banco Español Filipinas de Isabel II was finally approved, all the religious funds were for all practical purposes amalgated into one.

The entry of the foreign traders in the Philippines changed the financial picture entirely. Practically all foreign trade passed through the hands of the English and American commission houses established themselves in Manila in the first few decades of the 19th century.

There was hardly any financial activity in the Spanish sector during this period. Foreigners were exercising an air-tight monopoly of overseas commerce. Of the private banking establishments which appeared on the scene only scant reference can be found in contemporary accounts of the period.

A Spaniard named Damaso Gorricho was said to have founded a bank in his own name and so had Mariano Tuason of the wealthy Tuason family. Another member of the clan, Jose Maria Tuason, later figured in early banking history by becoming the first manager of the Banco Español Filipino de Isabel II.

But perhaps the most haunting bit of financial history concerns a Philippine-born Spaniard named Francisco Rodriguez who is recorded to have founded the first Filipino bank in 1835.

Rodriguez, a member of a distinguished Filipino family, was a bright serious young man who was educated by the English in Calcutta. In 1823 he was complicated in the Novales mutiny, whether justly or unjustly we do not know, but the fact was that he broke his parole in Spain and sought refuge in London. He lived in abject poverty until he was taken in by the Quakers. To show his gratitude, Rodriguez became a member of the Society of Friends and took on British citizenship.

When he returned to Manila, he lived alone, snubbing the friends and relatives who had failed to come to his succor when he needed it. He was perhaps the country's first defiant noncomformist on record. He refused all intercourse in Spanish and spoke instead the language of his adopted country. He wore the dark austere garb of the Quakers and when he walked the streets children laughed and jeered at him, calling *"Quico Rodriguez"* after him.

His exposure to the commercial climate of London must have given him the idea of starting a banking business in Manila. He used his inheritance together with the contributions of his English friends to set up the Rodriguez bank. The establishment, understandably enough, did business only with foreigners.

When Rodriguez died, he left his entire fortune in the trust of the Queen of England for the assistance of the widows and children of the casualties of the Crimean War. His relatives sought to break the will and won a judgment in a Manila court. But the British government intervened on the grounds that the legator was an English subject and succeeded in having the judgment reversed in Madrid.

In the meantime, the *obras pias* had ceased being an active economic force. The problem now was the development of internal trade. Under the law Spaniards were entitled to borrow from the *Fondos de Comunidad,* but in actual practice only a few, the special proteges of the Governor-General, could seek this recourse.

Thus a Filipino-Spanish bank was clearly needed. As early as 1828 the Spanish government gave authority to the colonial administration to set up such a facility. As could be expected in those time, the idea dragged on unfulfilled for two whole decades until finally the Spanish citizenry got behind it and pressed the government for action. On the basis of the constitution and by-laws written by Jose Maria Tuason and Fernando Aguirre, Governor Urbiztondo signed the charter creating the Banco Español Filipino. It was in truth the first sovereign bank in the Far East.

In that historic year, 1851, events moved remarkably fast. On August 1 the organization of the bank was set in motion by a resolution of the *Junta de Autoridades* (Board of Authorities). On August 27, the promoters submitted the by-laws and regulations containing 1) the list of officers, 2) the means of admitting stock subscribers and 3) the election of a permanent board of directors pending the approval of the Queen.

At nine in the morning of September 11, the officers of the new bank assembled in the office of the *intendente* together with the patrons of the institution and witnessed the formal presentation of the royal commission.

The affairs of the bank were placed in the charge of a distinguished group of government officials and independent businessmen. The highest position of Royal Commissioner was given to Manuel de la Matta, intendant-general and in command of the army and the treasury. The two "syndics," whom we might presume to have acted in the capacity of royal auditors, were Luis Alvarez Entre, senior accountant of the Tribunal of Accounts, and Jose Varcia, a former lieutenant-general and now a merchant and a chancellor of the Royal Audiencia.

The board of directors was composed of Ramon Somoza, vicar-general of the archdiocese of Manila; Antonio de Ayala, manager of the fast-growing Ayala-Roxas concerns; Prudencio de Santos, a former collector of customs; Gabriel Llamas, a lieutenant-colonel in the Spanish army; Jose Coralles, an attorney; and Francisco de Paula Cembrano, secretary of the prestigious Economic Society of Friends of the Country.

Tuazon and Aguirre, who were most instrumental in promoting the bank, were named the first managers.

The bank was organized as a joint (limited) stock company with an initial capital of ₱400,000 divided into 2,000 shares of ₱200 each. Of these 2,000 shares, 1,000 were reserved as non-transferable shares for the *obras pias* and other public welfare funds. The other thousand shares were made available for public subscription. The biggest holder of non-transferrable shares was the venerable Real Casa de Misericordia with 481 shares, followed by the Franciscan order with 266 and the Dominicans with 141.

The institution was empowered to provide the standard banking services including the receipt of deposits, the issuance of mortgage loans, and the discounting of local bills of exchange. But by far its most significant authority was its exclusive right to issue bank notes payable to bearer on demand. At first the bank was authorized to issue notes up to an amount equal to three-fourths of its paid-up capital, or ₱300,000, but when the charter was approved by Queen Isabella in 1855 the margin of required reserves was cut down to one-fourth or ₱100,000, ostensibly in the interest of added safety.

Two other provisions in the charter, which have their counterparts in the modern-day General Banking Act, were designed to prevent an overextension of credit to the detriment of depositors and shareholders. A cash balance representing at least one-third of all notes in circulation was kept in the vaults at all times. Also on hand were enough securities convertible in 90 days to cover all notes, deposits and current accounts.

The bank opened its offices in the northwest portion of the Royal Customhouse on Aduana (where the Central Bank now stands). It was a rather modest office as banking establishment go. In addition to the two managers, the bank employed a cashier, a bookkeeper, a secretary, two tellers and six clerks. The annual payroll came up to only $6,872, the equivalent of which would not even meet the monthly payroll of an average-sized bank today.

Strict economy was necessary because at the beginning the public response to the bank was disappointingly slow. Share subscription lists were opened at the homes of the managers but the money came only in trickles. In 1855, four years after the founding of the bank, the authorized capital was still not covered. To keep the dictors in the company, their required shares had to be reduced from twenty to ten. On top of that, the bank had to overcome what seemed to be a profound distrust on the part of the trading public. It is still not too clear whether this antipathy was directed towards the government which was running the bank, or the religious orders which were financing it, or simply toward the idea of a bank regulating the financial resources of the colony.

Happily, this situation lasted only a few years. The public soon realized that the bank was there to stay for better or for worse and subscriptions and business began to come in at a steadiest rate. In eight years the required reserve was fully paid and an 8 per cent dividend was declared for shareholders. Bank directors also saw some blessings in the fact that during this critical period there was neither a loss nor an occasion to take legal action resulting from the bank's lending operations.

By the month that the bank felt itself sufficiently stable to move into its own quarters. For this purpose it bought a house located at the corner of Cabildo and Victoria. On April 23, 1856, the board of directors expressed high confidence in the future of the bank by proposing to the stockholders that 1) the capital stock be increased to ₱600,000, 2) the amount of notes in circulation be increased up to the extent of the capital stock, 3) reserves be limited to 10 per cent or a little more than the actual capital and 4) a portion of the non-transferable stock be made available for purchase by the public.

As business raises up, dividend rates climbed steadily, from 11 per cent in 1863 to a whopping 21 per cent in 1865. Official sanction was given the success by the action of King Alfonso XII extending the life of the bank on January 3, 1876.

As befitting its character as a semi-government bank, it made its funds available for projects of a public nature. It helped finance the construction of the first big office building outside the Intramuros walls. It extended credit to the Monte de Piedad, the country's first savings and mortgage bank, and to the San Juan de Dios hospital. It provided the tramway company enough funds to construct and operate the country's first steam-engine line which ran from Manila to Malabon. It made many outright donations for charitable purposes; these were charged off to goodwill.

While there were periods of comparative prosperity, there were other years when business was just plain bad. During these times the establishment named after the Queen of Spain acted in the capacity of a central bank with regulatory powers to check a runaway inflation or encourage business in a depression. However, tight monetary controls as we know them today never existed in those days; bankers had to play the game strictly by ear.

The vulnerability of the country to monetary crises was due largely to the fact that the foreign trade on which it depended to a large extent was controlled by the conditions of the European and American markets. The civil war in the United States had the effect of depressing the markets for such chief products as sugar and copra. The resulting fall in exchange in Europe compelled the government to suspend the purchase of bills of exchange.

At other times foreign currency glutted the domestic market to such an extent that exchange operations became difficult if not altogether hazardous. In such periods the only prudent thing to do was to suspend all loans and discounts.

Often, there was a crisis of another sort. Silver would simply cease to circulate. This would be prompted either by panic or apprehension over the value of notes or simply the fact that the coins were being flagrantly shipped to China in great amounts to be remelted and made into ornaments. In 1858 the Banco Español Filipino withdrew all its notes in view of the great scarcity of silver. Holders were required to present their notes for coin at the following rates: eight pesos in silver for the ₱200 denomination, two for ₱50, nine for ₱25 and 10 for ₱10. The bank returned the notes in circulation with a stamp of the back reading "Payable in silver or subsidiary gold coin."

Adding to the worries of the banking authorities was a scandalous practice Chinese merchants had of "chopping" coins — erasing devices on their faces to reduce their lead weight. Coins thus tampered with had to be rejected as counterfeit. At one time, the situation got so bad that the government, at the urging of the bank, had take to in all the silver in the market for recoinage.

On the various foreign currencies threatening exchange in the Philippines, the worst offender was Mexican silver. It came near to driving away the national currency. The bank responded to this situation by urging the purchase of all Mexican silver for reminting into the national coin. At the height of this forced exchange, the bank advanced its notes for Mex. at the rate of P50,000 a month.

As though the pitfalls of trade were not enough, there often occurred natural calamities like fires and earthquakes which caused great financial losses and even bankruptcy among the bank borrowers. In 1881 the entire Escolta was laid low by a rampaging fire and in 1892 another catastrophic blaze destroyed all the buildings between the Puente España and Plaza Moraga and on Rosario and Escolta as far as Calle San Vicente. When the safe of Gonzalo Tuazon was dug out of the charred ruins of Escolta, all that remained of its contents was a spongy mass of paper bills which crumbled and disintegrated at the slightest touch. The bank, however, showed its good faith by redeeming $7,830 worth of the destroyed notes.

It was after the 1881 fire that the bank manager, Jose Joaquin de Ynchausti, proposed to the board that the bank participate in an insurance ventures together with other entrepreneurs. In this arrangement 80 per cent was to be borne by 20 partners of four per cent each. The bank would offer quarters and personnel for this venture. The proposal was unanimously approved by the board but it somehow failed to get outright support from the stockholders. Years later the basic incompatibility of insurance and banking as a joint venture was spelled out in the Philippine laws governing those two businesses.

Perhaps the greatest crisis faced by the bank was the severe panic in Europe in 1890 precipitated by silver legislation in the United States. A Paris correspondent bank of the Banco Español-Filipino failed at the height of the crisis. A mighty copper syndicate in the continent collapsed like a house of cards. The effects of panic were felt in practically all parts of the civilized world. Fortunately, the Philippine bank was able to withdraw its funds from affected European establishment in time to avoid incurring serious losses.

These were the perils of banking in the Philippines. But the Banco Español-Filipino not only survived them all but came out bigger and stronger than ever before. Even at the height of the depression BEF stock was quoted at $425 which showed that it was actually in demand at a time when the market for other stocks was at an all-time low.

The bank enjoyed a particularly prosperous year in 1893. After meeting all its payments, it could still afford to contribute $2,000 to the subscription for the victims of the explosion aboard the S.S. *Cabo*

Machichaco in the Spanish port of Santander. A 9 per cent dividend was distributed for the second semester which, added to the first semester dividends, made a total of 17 per cent for the entire year.

The widespread penetration of the Far East by English commercial interests seemed to follow a definite pattern. First to arrive on the scene were the commission houses which largely conducted a buy-and-sell business — buying the produce of the region and selling the manufactures of England and the rest of Europe. With commercial houses firmly established, the English took over the carrying trade which they were well able to do with one of the world's greatest merchant fleets at their command. Finally, as all this activity required the services of financing and currency exchange, the English established their own banks in the region.

Though the English were already well settled in the Philippines by the 1880's and the volumes of business was more than promising, they seemed to be taking their time in following up this advantage with the usual banking tie-ups. This might have been due to the fact that the distance and the fairly primitive financial conditions involved in the Philippine trade made the venture somewhat debatable, or perhaps the English were having enough trouble as it was keeping up with the fast-growing commerce in Hongkong and the mainland.

During this decade English banks based in China provided a rough-and-ready sort of service to their clients in Manila through the agency of the English commercial houses. The Chartered Bank of India, Australia and China (now known simply as the Chartered Bank) was represented by Ker Bolton & Co. (now Ker & Co.) in the 60's and early in the 70's by Martin Dyce & Co. Dyce handled a highly profitable gold shipment to Manila for the Chartered bank shortly before the latter set up its own branch in Manila. Three other English banks, the Oriental, the Chartered Mercantile and the Hongkong and Shanghai, all had representatives in Manila in 1872, the last two "doing a substantial business."

At best, this arrangement was a crude one involving considerable delay in the transaction of business. To cite just one inconvenience merchants had to bear with, they had to send notes and drafts to Hongkong for exchange. Realizing at last that its agency set-up was insufficient to cope with the growing volume of business, the Chartered bank began negotiations to open a branch of its own in Manila and in December, 1872, after consultation with an eminent banker in Madrid, the bank sent James Somerville to the Philippine capital with instructions to lay the groundwork for a full scale Chartered office.

The Hongkong and Shanghai Banking Corporation, not to be left behind, sent its own man to Manila in November, 1875. His name was Charles Ilderton Barnes. Many years later he was taken into the partnership of Warner Blodgett & Co. and this English company is known today as Warner Barnes & Co. Ltd. after the former banker and the original partner Edwin Warner.

These two English banks played a leading role in the development of the Far East trade. The Chartered bank was founded in London in 1853 following the abrogation of the trade monopoly of the British East India Company. After an initial period of confusion as to how its royal charter was to be applied, the bank opened its first two branches abroad in Calcutta and Shanghai. It became the senior British bank in the Far East, though it was soon joined by many competitors including the influential Hongkong and Shanghai Bank.

The Hongkong and Shanghai was established as a result of the financial disasters which rocked Chinese trade in 1865 and 1866. The situation was further complicated by the devastating effects of the Taiping rebellion against the Manchu dynasty. Many reputable houses failed in the crisis; six of eleven banks in Hongkong suspended payment. To bring some order out of the ensuing chaos, some Hongkong's leading merchants founded their own bank in 1865.

The new bank had two big advantages working for it at the start. As it was wholly owned by Hongkong's own Chinese and foreign businessmen, it could readily count on the patronage of the community. Its head office was in Hongkong itself and it could thus attend to its affairs more expeditiously than the foreign bank branches could. (No telegraphic communication existed between Europe and Hongkong until 1871.)

Between themselves, these two banks controlled the bulk of the foreign business in Manila. The Banco Español Filipino operated a foreign department with the help of correspondents in China and Europe, but the English houses were understandably inclined to patronize their own banks. The Americans never had a bank in the Philippines until the turn of the century. Bills on Manila hemp for New York were written in sterling and cleared through London.

If the Banco Español-Filipino had to weather some bad blows in its time, neither did the English banks have easy sailing in those critical first years. There were no wire facilities to Hongkong until 1880 and this meant that the branch manager had to exercise considerable discretion in handling the Manila accounts. As the branches could not make use of telegraphic transfers, it was also necessary to keep very heavy cash balances in the vaults to provide for their forward contracts for bills, providing, according to an early account, "a continuous temptation for robbers."

The Chartered bank people had a difficult time finding suitable quarters. It had to settle for a shabby office on the ground floor of a primary school and there, amidst the babble of schoolchildren, try to maintain proper banking decorum as best as it could. At its first opportunity it transferred to a new site on San Gabriel; this was an old church building previously used as a warehouse for Smith Bell & Co. and flanked by a sugar store and the Cafe Oriente.

There was little then of the spit-and-polish that characterizes banking today. Checking accounts were almost unknown; when you had to pay your bills at the end of the month it was customary to carry the heavy silver around in a wheelbarrow. Sub-agency managers who carried cash in their trips to the provinces had to take the risk of falling into the hands of the *tulisanes.*

The English had no special immunity to the risks of a trade peculiarly dependent on the whims of the European and American markets. When hemp and sugar prices hit rock-bottom in the early 80's, the Chartered bank was so unsettled with worry that it sent four inspectors to the Philippines in the period of five years.

And on top of this, the prim, white-jacketed English bankers had to suffer the indignities heaped upon them by a country that seemed to teem with typhoons and tremors. After a particularly violent quake, the roof of the Chartered bank office collapsed, letting in the rains. The long-suffering clerks had to work on their ledgers, pen in hand, umbrella on the other, their feet carefully raised above water that had risen six inches off the floor. In two years spent by a young English accountant in Manila, he had experienced a great fire which destroyed a major portion of the city, a cholera epidemic during which he had to witness every day its victims being borne in hammocks by the hundreds past his bank office, and an earthquake which led to the closing of banks and other houses for a week.

This persevering gentleman, whose name was W. H. Young, later wrote a highly diverting but nonetheless quite informative book called "A Merry Banker in the Far East." After a short stint in the Manila branch of the Chartered bank, he found himself on a beach in Iloilo "solar topee in hand, a power-of-attorney in pocket,

$100,000 in a Chubb's safe and letters of instruction from the directors to open a branch in this sugar region."

He got himself a good location on top of a street leading from Jaro into town. He found a way of getting ahead of the rival Hongkong and Shanghai man across the street by pulling in his customers from the sidewalk and exchanging their cash for deposit slips before they had a chance to recover their wits.

Going over this volume of racy, not quite Victorian wit, one might gather the impression that Young did little else but exchange pleasantries with black-eyed mestizas in the parlors of his clients. He records one particular riotous incident when an English colleague, emboldened perhaps by generous potions of Amontillado, stood up before the distinguished company of the governor of Iloilo and attempted to conjugate the verb *cocer* as part of the evening's entertainment. What he conjugated, one blushing word after another, was a verb that sounded phonetically like the original one but which had a meaning not ordinarily expressed in polite company. When he found what he had unwittingly uttered the next day, the poor fellow would have taken the first boat out of Iloilo had he not been physically detained by Young.

Young discovered that he had to be on his toes to avoid being fooled by the hacenderos. He mentioned one instance when a borrower actually put one over him. The borrower was a wealthy native in the rice exportation business. Young had given him a short-term loan with the security consisting of a cargo of Rangoon rice stored in a bodega to which he held the key.

When the loan matured, the native asked for and got a renewal at the usual ten per cent interest plus one-half per cent commission. Then he asked for a second renewal. Young gave it to him but not without a feeling of apprehension. There seemed to be something odd about the rice being stored there for so long. When he first inspected the bodega, he found rice bags piled up over that he was told the only entrance. It appeared that the bodega was so full of rice bags that entering it was impossible so Young did not bother to do so.

But then he heard an alarming piece of news. The hacendero had exported a shipment of rice to Manila some weeks ago. His suspicions now fully aroused, Young went to the bodega once more, this time with a native friend and with his help he discovered that the bodega had another entrance in the back which he had not known about. Entering it, he got the surprise of his life. Some sacks of rice had been stacked up over the front door to block entrance into it. The rest of the godown was empty.

Fuming with rage, Young confronted the hacendero. The latter simply shrugged it off as "part of the game" and offered to pay the loan back in six months at the maximum interest the bank wanted to charge. This incident "knocked all the conceit" out of our young banker and kept him wide-awake for the rest of his stay in Iloilo.

Thus, despite almost totally discouraging conditions, by trial and error and by risking considerable losses the early bankers and financiers opened the way to a fuller development of the country's commerce and agriculture. Many of the banking practices they established in the 19th century are still followed in spirit if not in letter by today's bankers.

Credit was something only the rich and influential could have— and to some extent this is still true. Banking has been a defensive, contingency-conscious business ever since the first foreign bankers discovered to their dismay the Latin double-standard of morality, one for personal conduct and the other for business.

In the final analysis, the origin of much of the present-day system of trade and crop financing can be traced back to the policies of these early bankers. The concentration of capital in a few crops or industries can be attributed in great part to their well-justified prejudices. The sugar crop was built up through the decades on credit and today it is still heavily dependent on it. And its continuing assistance to the country's growing agriculture helped bring about a long period of prosperity broken only by the intervening wars.

THE AGE OF AWAKENING

Part Six: THE TOBACCO MONOPOLY

Eduardo Lachica

Few years before the end of the 16th century the galleon *San Clemente* arrived in the Cavite roads with an unusual item in its cargo. It was a small packet containing some 200 grams of tobacco seed. Each seed was so tiny that a teaspoonful contained hundreds of them. The seed originally came from Cuba where a tobacco industry was beginning to flourish and it was the wish of the Viceroy of New Spain that an attempt be made to propagate in this tropical archipelago the culture of this wealth-bringing plant.

The infant industry flourished. The seed was distributed among the various religious orders in the provinces and in 1641 Governor General Sebastian Hurtado de Corcuera sent to Acapulco on the galleon *Purisima Concepcion* two narra chests containing cigars made out of a fine quality of tobacco in Isabella. It was a present to the Viceroy and proof that the Philippine product could rival the best grown in Cuba.

This was the beginning of an industry that would have a profound effect on the economic and political make-up of the Philippine colony. For about a hundred years, from 1781 to 1882, it was an enterprise solely owned and operated by the Spanish government. In the year it was abolished it accounted for half the revenue of the administration. The Philippines would scarcely compare with bigger countries like the United States, Brazil and India in total tobacco production but in the single specialty of growing quality cigar tobacco it continued to rank up to the turn of the century among the top three tobacco-growing nations in the world. At the height of its fame the Manila cheroot was prized by connoisseurs on three continents. Only the incomparable Havana fabricated out of the aromatic weed grown in the Vuelta Abajo district could surpass the native product in excellence and desirability and it certainly stood on even terms with its closest competitor grown in Sumatra.

The busiest establishments in Manila were its huge barn-like cigar factories with its female employes numbering by the thousands, all chattering like magpies as their nimble fingers rolled the flue-cured leaf over their working tables. And for that matter, the industry was chiefly responsible for breeding the most widespread and lasting vice the Filipinos had ever known. Nearly every one smoked, from wrinkled lolas with their feet-long Ilocano-grown stodgies to pert little tykes puffing their first cigars on the cobbled streets as expertly as their elders.

The tobacco monopoly also gave rise to grave evils in the enforced cultivation of the plant in the provinces. Many public riots and uprisings in the Ilocos and in some southern islands were directly attributed to the abuses of the Spanish caretakers of the trade and this defiance of authority undoubtedly contributed to the growing yearning for freedom and self-government on the part of the Filipinos.

To appreciate the role the Philippines played in this global enterprise we have to go several centuries back to the time of the discovery of America. Columbus noticed that the Indian aborigines of the New World were addicted to inhaling the fumes of a ground leaf lit up in the bowl of a short pipe. The natives of Haiti smoke this pipe *tobacco* and the word eventually came to mean the leaf itself and the plant from which it was derived.

In 1519 explorers of the new continent found tobacco cultivated with great skill and care. It was believed to have great curative powers for such illnesses as bronchitis, asthma and rheumatism.

At that time the tobacco plant was indigenous only to the warmer regions of America except for a few relatively unimportant species which were also found in Australia and the South Pacific. It is a coarse, rank growing annual plant, attaining at full growth a height of three to six feet or more. Its proper growth demands a climate with a specific balance of sunshine and rainfall. The type of soil is specially important in the quality of tobacco to be produced. The flue-cured type of tobacco and the species ideal for cigar wrapper and binder leaf thrive best on light sandy and sandy loam soils with sandy or sand clay-soils.

The conjunction of all these favorable circumstances have made certain areas in America ideal for tobacco cultivation. In the United States it is centered in Kentucky and North Carolina. In Cuba—the mother country of the world-wide industry—the so-called "puro Havana," the biggest grade of cigar tobacco, is grown in a relatively small zone near San Juan y Martinez in the Piñar del Rio province. In Brazil, one of the world's largest tobacco producers, the industry is concentrated in the Bahia district.

To the Spanish colonists of the 16th century must go the credit for developing the industry on a large-scale basis. They first started scientific tobacco culture in Haiti prior in 1535. The industry was extended to Trinidad where it enjoyed considerable prosperity and later to the West Indies and Venezuela.

Tobacco was introduced in Europe in 1556 when Andre Thevet returned there with some seed from Brazil. For a while, it was nothing more than a novelty, this odious, barbaric practice of the Indians of breathing fire and smoke. But a few years later, in 1561, Jean Nicot, a scholarly French diplomat, obtained some tobacco seed from a Dutch sailor in Lisbon where he was stationed and brought the oddity to the royal court. From then on, indulgence in the weed became a fairly universal habit.

One of the chief economic motivations for the initiation of tobacco culture in the Philippines was the fact that the industry was a government concern in Spain and the cigar factories there had to have a constant supply of leaf from the various colonies. During the first two centuries of colonial administration the government hardly bothered about the tobacco question; nominally, however, it had the exclusive right of traffic.

In 1781, in the middle of the vigorous administration of the colony's first economics-oriented governor, Jose Basco y Vargas, the tobacco trade was officially proclaimed a monopoly. Basco's intention was obviously to provide a permanent source of income for the government, one which possibly could supplement the uncertain proceeds from the galleon trade. Neither he nor his successors in the Audiencia could foresee the evils attendant to the centralized control of such a complex and widely spread industry as this.

When the first tobacco seed was sent out to various provinces in the archipelago, it was soon evident that the plant prospered best in the Ilocos region and in the fertile alluvial plains of the Cagayan valley. Tobacco was, and to some extent, still is the principal industry of La Union. In Ilocos Sur the Spaniards fostered the cultivation of tobacco as well as indigo, coffee and sugar. In the rough, inhospitable terrain of Abra (of a total area of 382,989 hectares only 14,781 are under cultivation) the fragrant weed managed to find a foothold.

The best tobacco country, however was found in Isabela where the annual inundations of the mighty Cagayan and Abulug rivers made the soil one of ideal richness. This prime region extended to the province of Cagayan and part of Nueva Vizcaya. The geographical features of the Cagayan valley also enhanced its role as the agricultural center of the Philippine tobacco industry. Its high and mountainous eastern border diverted the seasonal typhoons that used to wreck havoc in other areas of Luzon. Its western border resided on the rocky backbone running the length of the Mountain Province, and into this trough formed by the two mountain ranges fell all the rain needed to sustain the tobacco fields.

The produce was sent in bales to Lal-loc on the northern coast of Luzon for shipment to Manila or to Ilagan and Tuguegarao for road transport to the capital city. In no other part of Luzon was the planting tobacco allowed, except for a short period on the Caraballo range where, due to lack of proper means of enforcing the law, the culture of tobacco by undomesticated mountain tribes had to be tolerated.

The tobacco monopoly applied only to the island of Luzon. In the Visayas the natives were free to raise tobacco and to sell their produce to government factories or collecting centers established there for that purpose. Southern planters were at liberty to sell to private buyers or to government agents, whichever gave the better prices. Though they could do nothing about it, the government continually suspected the Visayans of shipping large quantities of contraband tobacco to the main island.

Antique never produced more tobacco than it could consume. In the hope of getting better prices from the collecting stations, an enthusiastic governor, Manuel Ituriaga, tried to encourage planters in this endeavor and sent a trial parcel to the government collectors. It was, however, unclassified and eventually rejected. In 1844 the tobacco crop in Antique was valued at an insignificant $80,000.

Marinduque and Mindoro both grew tobacco and in 1846 a government factory was established in the latter province. Cebu produced about 15,000 quintals of rather inferior tobacco, and a limited production could be expected of Leyte and Samar.

There is some evidence that the Visayan region could have made a more valuable contribution to the industry if it had obtained the necessary support of the government. To take the example of Iloilo, its tobacco export until 1845 never exceeded 10,000 quintals a year. In that year, however, the Manila agent raised the usual discouragingly low prices given to Iloilo planters from 10 reals a quintal to an average of 20 to 21 reals for the first three classes of tobacco. This proved such an incentive to the growers that the volume of export rapidly reached 24,000 quintals. Shortly, a government station was set up in Iloilo.

But this prosperity proved to be short-lived. The Iloilo planters eventually found that they could not compete with the prices and quality of the government-produced tobacco in Luzon. Within six years, from 1848 to 1853, the Iloilo export skidded down from 25,000 to 18,900 quintals. Later, production became so poor that the *coleccion* had to be withdrawn.

Negros used to produce 8,000 quintals of very good quality. The crop was bought by Iloilo traders from tribes who grew their plants in the interior of the province. But the punitive measures of a Negros governor led to the slaughter of several hundreds of these tribesmen and the dispersion of the rest. This put an end to the supply of tobacco from Negros.

But the greatest difficulty the Visayan planters had to cope with was the arbitrary handling of the produce in Manila. Under the Spanish system tobacco was classified into five types and anything under the fifth quality was set aside and burnt without any kind of compensation for this portion to the producers. Planters also complained about the fact that even after the delivery of tobacco at government stores, it was held entirely at their risk until it was examined, repacked and made ready for shipment to Spain.

At the height of the monopoly the government operated five cigar and cigarette factories in and around Manila employing a total of 20,000 workers. The *fabricas* in the vicinity of the city were located in Binondo, Arroceros and Ermita and the other two were in Malabon and Cavite. They were for the most part large adobe-and-wood structures of two stories or more, each with one or more capacious halls where the army of female wrappers worked ten to a table. There was a section which made nothing but cheroots, another cigars, a third rolls similar to American stodgies, a fourth folded cigarettes, a fifth pasted cigarettes and a sixth picadura or short-cut smoking tobacco. In one other large compartment tobacco leaf was prepared for exportation.

Finished products were made available to the public through retail stores called *estancos*. As the government factories in Spain held first claim to the Philippine tobacco production, it often happened that the Manila establishments could not meet the local demand. This brought about a peculiar situation in which the wholesale dealer paid higher rates for large quantities of cigars in government auctions than the retail rates obtainable at the *entancos*.

Only a certain quantity of cigars could be bought at the retail stores, and a system of espionage was used to detect any violation of this regulation. Anyone could buy cigars but nobody was allowed to sell a chest of cigars at cost price.

Jagor mentioned a still more urgent reason for this state of affairs and it had to do with the government's exchange rates on currency. Though the government valued its own gold at $16 an ounce, it was traded for less in the open market and at one time the premium on silver had risen to 33 percent. Moreover, due to the perennial insufficiency of copper money, minor coins often gained a premium on the silver dollar. When the store sold the authorized quantity of cigars to a single purchaser, it often realized as much as half a dollar.

You could profit in two ways by trading in cigars. When you exchanged your dollar, a five to 15 percent discount was charged. Thus you could buy cigars in the *estancos* with gold ounce, then retail them in smaller quantities nominally at the *estancos* rate. Both premiums in an extreme case might amount to as much as 43 percent.

The reason for the premium on silver was that the Chinese had been buying up all Spanish and Mexican dollars to be sent to China where they were worth more than all other coins.

What eventually brought about the downfall of the tobacco monopoly was the very complexity of the system. To attain its expected capacity, it required a great island-wide network of haciendas and other supervised farms and another network for buying tobacco, collecting it in stations and transporting it to the manufactories of Manila. A human organization as huge as this could not possibly escape being saddled by corruption and maladministration. It was ultimately undermined by the demoralization of its members and their failure to act in concert with the whole.

The government exercised a close supervision over the entire operations. Production levels were controlled according to the needs of the Spanish tobacco factories and to some extent the local demand. Regulations affecting the farmers and agents were promulgated through enactments called "General Instructions for the Direction, Administration and Control of Government Monopolies" (for some time the production of spirits and indigo were also government concerns).

One palpable defect of the system was the officially-tolerated practice of authorizing provincial and municipal officials to buy produce for transhipment to Manila. In the Visayas magistrates enjoyed the lucrative "sideline" of buying tobacco for the government at prices fixed by the factories. In many cases they were allowed to draw from the municipal funds for their own mercantile purposes. "A worst system could scarcely be devised," reported Jagor in his enlightening chapter on the tobacco monoply. "The officials, thinking only of their own private advantage, suffered no competition and employed their utmost power to oppress the producers." "The government subsequently suffered frequent losses through bankruptcies, inasmuch as the magistrate, who drew a salary of 600 dollars, paid a license of from 100 to 300 dollars for the right of trading," he continued. To gain any worthwhile profit for their troubles, they had to engage in the most hazardous speculations.

But the largest and most tragic of all human problems which the trade gave rise to was the untold suffering of the hundreds of thousands of farmers and their dependents who had to yield their freedom, their simple pleasures and sometimes their lives to its unreasoning demands for more and more production. There was no way this evil could have been avoided once the government had decided on establishing a monopoly. Only through forced labor could the government hope to maintain its production levels; other government enterprises like the ill-fated silk industry had failed in previous years due to a half-hearted attitude on the part of the government about the manpower problem. Even more stringent forms of regimentation have been known to exist in other colonies, the government reasoned and thus with all good intentions the planners of the monopoly paved the way for one of the gravest sins against humanity perpetrated in this country.

To get men to work on the tobacco farms of the Cagayan valley, the government transported whole families to the plantations. When John Foreman went to the valley, he shared ship space with about 200 families, mostly from the western coast of the Ilocos. They did not appear entirely unhappy about the uprooting process; they were well-supplied with food and clothing and comfortably lodged in Aparri.

"But when they were settled," Foreman attested, "their lot was not enviable." From the moment they set foot on the promised land, they were virtual slaves of the soil. They worked without the dimmest hope of even acquiring title to the land. Foreman described their status as that of *villein socage,* which was tantamount to mere serfdom in the Medieval sense of the word.

The farmers were compelled to devote their attentions to the growing of tobacco; no other crops were allowed to be raised. Each family had to grow 4,000 plants a year subject to the penalty of a severe fine in case of failure. The planters had to deliver the entire crop; not one leaf was permitted to be kept for private consumption.

The penalty for non-cooperation could be even more severe. If the land was left uncultivated for three years, the government could dispossess its occupants and bring in its own nominees to work on it. Heavy fines were imposed on planters and their dependents caught with contraband leaf. A farmer could smoke tobacco from his own crop inside communal aerating sheds. If caught smoking a cigar just a few steps outside the shed, he was fined $2, and, 50 cents if he was caught smoking a cigarette. Counting the cost of conviction, the penalty for such an indiscretion amounted to $7.37. In Nueva Ecija such petty fines averaged annually $7,000; this for a population of only 170,000!

"From sunset to sunrise the planters were subject to domiciliary search for concealed tobacco," Foreman reported. The carabineers would descend suddenly upon a household, and ransack every trunk and cabinet in search of suspected contraband. The farmer and his family would be rudely frisked for any cigars and cigarettes hidden on their persons. "Often an irate husband or father, goaded to indignation by the indecent humiliation of a kinswoman, would lay hands on a bolo and bring matters to a bloody crisis with his wanton prosecutors," the English historian stated.

But when one was so rash as to resist, the poor wretch would feel the full wrath of the tyrant upon him. Beatings, flogging and even death would be his lot. One thousand cases were reported of farmers hunted down and shot like beasts for having inflicted harm upon government officials.

Nonetheless, many Spaniards fell victims to the vengeance of the oppressed farmers. The riots of 1807 and 1814 in Ilocos were directly inspired by the aroused ire of tobacco planters.

"The story of Spanish tyranny will never be known in full but the fragments found in Spanish official publications reveal a system of tyranny, injustice and inhumanity so terrible as to be almost incredible," wrote Margherita Arlina Hamm close to the turn of the century. One of the blackest marks in this record was the Mindoro rebellion in 1846. The natives simply refused to deliver their crop because the government had failed to pay them for two years in a row. Spanish soldiers were sent and the ringleaders were shot and others flogged as an example to the rest of the populace. But instead of frightening them into compliance, the natives rose up as one angry mob and set fire to the plantations, fleeing finally to the mountains to escape the retribution of the government. Thus, as in Negros, the tobacco industry of Mindoro came to a calamitous end.

Though the government demanded a strict accounting from the natives, it set a bad example by its remissness in the payment of the crop to the planters. The Mindoro incident was only one of many which could not be interpreted otherwise than as a proof of bad faith on the part of the government in its bargain with the planters.

Instead of silver, they were paid in treasury notes. Bands of ruthless speculators preyed on the people's distrust of the government by buying up paper money at enormous discounts. The natives had no recourse but to trade with these money-changers for they had to have coin to buy food, clothing and other necessaries for their families. They could not live on promises!

At one time the total amount of bonds held by speculators exceeded $1,500,000. There were other occasions when the treasury was so depleted it had to offer its paper for the crop by necessity. Foreman mentioned a time when the government was so hard-pressed for funds it had to sell its tobacco shipment for Spain in the city and its quota of 90,000 quintals could not be sent abroad. The shipment had to be bought by the Madrid government in London so that the Spanish factories could continue working.

During the administration of Governor General Domingo Moriones, the government finally decided to give a due hearing to disgruntled farmers from the north who demanded the payment of all past and current accounts in silver. "But to do this," Foreman pointed out, "Spain, always in chronic bankruptcy, had to resort to an abominable measure of disloyalty." The funds of the Caja de Depositos (Deposit Bank) were used to pay the government's debtors in the tobacco region so that when its deposit notes bearing eight per cent interest fell due there was no money left over to redeem them. Most of these depositors were government clerks who wanted to take their accumulated savings back to Spain. The governor general had no choice but to restore the pensioned clerks in their old positions while waiting for instructions from Madrid.

The colonial government was not entirely blind to the inherent defects of the tobacco monopoly. A strong sentiment existed for some time in favor of handing the entire business over the private enterprise or at least to rent it out to any worthy enterpreneur. A royal decree of July 1, 1844 authorized the government to lease the monopoly to the firm of O'Shea & Co. but this contract was suddenly rescinded for unspecified reasons. At that time the annual profits derived from the trade was about $2,500,000.

In 1853 a company was formed in Madrid with the exclusive right to manufacture and trade tobacco products in the foreign markets. A "large and expensive" stone factory was erected in Iloilo and a collection network was established throughout the islands. But a technicality in the company's charter eventually brought about its collapse. It was required to provide the government factories in Manila with an amount of cigars and leaf tobacco equal, if necessary, to the cigars and leaf they used to obtain from non-monopoly sources. This proved such an insuperable burden for the new company to bear that it had to declare itself bankrupt in three years. The consensus in Manila was that the company could have survived if given the government backing it deserved.

The major reason why the government was reluctant to relinquish its tobacco privileges was the fact that the industry yielded by far the greatest source of public revenue. For several years a lively debate ensued as to the wisdom of abolishing the monopoly. On May 20, 1879 a royal commission was enjoined to study the prospects of renting out the tobacco traffic. Oddly enough, the natives in the Ilocos and Cagayan regions were opposed to the idea. They feared that, if the trade were handed over to private business, they would have to cope with even harsher taskmasters in the persons of unscrupulous merchants motivated solely by a greed for profits. "Of the two evils they preferred the state to private monopoly," Foreman surmised.

The commission rendered a report favorable to the proposal but apparently this was nullified by a strong memorial presented by a corporation of friars whose interests were involved in the tobacco lands in question. The proposal was thenceforth abandoned.

But it soon became evident that public opinion would not stand for the situation continuing much longer. The Manila press, for one, was vehement in its attack on the abuses and rank inefficiency of the Spanish officialdom concerned with the trade. Finally, as though aware that it had done so whichever way it felt about the matter, the government decided to give up its hundred-year stewardship of the Philippine tobacco industry. The monopoly formally ceased on December 31, 1882.

A difficult period of transition ensued before the industry was fully in the hands of private enterprise. The turn of events started off a rash of speculations that in the end led to considerable losses on the part of both the government and private buyers. A big rush was on to buy the remaining government stock. Seeing an opportunity to get rid of its inferior stock, the government unloaded cigars, of the worst quality on the *estancos*. This had the adverse effect of undermining public confidence in the government brands and the Treasurer General, who had anticipated large profits from selling out in a rising market, found out that no one wanted to buy them even at the lowest possible prices. The last of the government stock had to be shipped to Madrid with the treasury sustaining embarrassing losses.

Immediately after free trading in tobacco was permitted, cigar and cigarette factories mushroomed by the dozens in and around Manila. The public began to feel that it had not profited too well in the bargain, for not only was there a conspicuous slump in the quality of the now privately-manufactured cigars but prices were rising higher than that experienced during the monopoly period. The government expressed its concern over this situation but up to 1889 only eight or ten factories succeeded in improving the quality of their products.

In 1883, just a year after free trade was announced, the foreign markets were already glutted with the increased production from the Philippines. The gradual decline of tobacco exports commencing from that year has been attributed to the price slump set off by oversupply as well as to the poor quality of the Philippine product.

Of the several private concerns that went into the tobacco business upon the cessation of the monopoly, the biggest and most important was the Compañia General de Tabacos de Filipinas, more popularly known as Tabacalera. The company acquired all the five government factories in and around Manila and integrated them into one mighty concern which eventually became stronger and more prestigious than the government concern ever had in its halcyon days.

From the start, Tabacalera had the complete backing of the Spanish government, and this circumstance alone gave it a distinct advantage over its competitors. When the abolition of the monopoly became a virtual certainty, the Prime Minister of Spain himself, Don Antonio Canovas del Castillo, suggested to a member of his cabinet Don Antonio Lopez, the Marquez de Comillas, the creation of a company to step into the government's shoes once free trade existed. A more attractive business proposition could not be found in those days. Under private management the tobacco fields could be expected to yield even bigger crops; somebody had to supply the demand for cigars and cigarettes in Manila and on top of that, with the backing of the Prime Minister, the new company could count on getting the huge contract for the exportation of leaf tobacco to Spain.

Lopez and a number of associates founded Tabacalera in Barcelona on November 26, 1881. Its initial capital of 75,000,000 pesetas was worthy of the ambitious endeavor it had embarked upon. The company was organized as a sociedad anonima, one of the early corporate forms recognized by the 19th century Spanish Code of Commerce. As its name implied, this kind of society was composed of persons who chose to remain anonymous except for a few formally-appointed officials. It was no secret, however, that Tabacalera's organizers counted with some of the highest-placed men in the service of the king. It was commonly known that the government itself held some shares in the new company.

In terms of the modern ethic, the participation of government officials in a private venture patently made possible by virtue of their own official actuations would appear close to a misuse of government power. The political temper of the times, however, seemed to condone and even encourage such participation as an added incentive for government service which paid so little in actual compensation.

The moving spirit behind the company was generally conceded to be Don Antonio Lopez. He was a man of exceptional financial ability. He was born in modest circumstances in the tiny fishing village of Comillas in the northern province of Santander. When still in his youth, he went to Latin America and returned to Spain with a fortune. One of his philantrophies was the building of the Pontifical University of Comillas, a lovely neo-Gothic structure overlooking the Bay of Biscayne. His title of the first Marques of Comillas was a reward given to him by the Queen of Spain for his services to the throne. He also held at one time the high position of minister of commerce in the royal cabinet.

At the time Tabacalera was founded Don Antonio also organized the Compañia Transatlantica (Spanish Royal Mail Line) with ocean-going ships serving both America and the Far East. The Barcelona-Tabacalera was a completely integrated enterprise with the facilities to grow its own tobacco, transport it to its own factories and send it to its world market aboard its own ships.

In 1882, Lope Gispert, the first manager of Tabacalera, arrived in Manila with a letter of credit addressed to the Banco Español-Filipino providing for enough funds to set up a working staff. Later, more money was sent over in strongboxes aboard one of the Tabacalera ships. (Gispert, who proved an exceedingly able executive, died shortly after he organized the company in Manila. His remains were buried in Paco cemetery.)

In 1883 Tabacalera inaugurated its big factory on Marquez de Comillas street (named after its founder). Called "La Flor de la Isabela," it was at that time one of the largest cigar and cigarette factories in the world. Contemporary accounts described it as structure of several stories housing thousands of employees during working days. Its supervisory staff of young Spaniards, numbering over thirty, were intelligent and efficient. Their quarters on the top floor of the main building were reported to be as comfortable as those offered by the best hotels in the city.

Tabacalera's contribution to the Philippine tobacco industry was of great significance. To ensure a steady supply of leaf from the provinces, the company bought three large haciendas in the fertile valley of Isabela. (Two of these farms, the Hacienda San Antonio and the Hacienda Santa Isabel, are still owned and operated by the company.)

Tabacalera invested heavily in experiments designed to raise the quality of the exported leaf. Dutch experts and Indonesian skilled workers were imported from Java and Sumatra to help obtain in the Philippine product the desirable qualities of the Sumatran leaf. Today the cigars manufactured by Tabacalera are made entirely out of Philippine-grown leaf and only in some exceptions the wrapper is made out of Sumatran imports.

Tabacalera was probably the first Spanish stock company to diversify its investments in the Philippines. Aside from its tobacco interests, it ran a coast-wise shipping service, carrying Philippine mail to such far-away ports as Basco, Borongan, Carigara, Infanta, and Mauban. The Tabacalera ships plying the Barcelona-Manila run had Philippine names such as *Isla de Luzon, Isla de Cebu* and *Isla de Mindanao.* The *Isla de Panay* was the ship which carried Jose Rizal on his interrupted trip to Cuba shortly before his execution.

The Tabacalera coasters were indispensable tools in developing other lines of business such as the trade in copra and hemp. Shortly after its inception, it went into the distillery business in competition with such well-respected names in Philippine business such as the Ayalas, Roxases and Ynchaustis.

But central to all this commercial development is the fact that from an unsavory beginning, marked by much suffering and waste, the tobacco industry grew to a position of respectability and influence which even the new administration of the Americans recognized.

THE AGE OF AWAKENING

Part Seven: THE LAST DECADE

Eduardo Lachica

The last eight years of the Spanish regime was a period of much confusion and hostility, yet they could be said to be a culmination of all the economic and social benefits that could be possibly acquired under the colonial administration. The mechanized age, long overdue on this farthest possession of the throne, finally gained a foothold on it many years previously. The English brigs and American merchantmen which used to call on the port of Manila gave way to iron-hulled steamers; the wooden presses which used to extract the juice of the sugar cane were gradually replaced with stout machines from the foundries of Europe; late in the century an English company even succeeded in boring a well on a swamp in Cebu. The drillers were interested in a black, viscous liquid which seeped from the ground. It had remarkable combustible properties that gave promise of a far more prosperous age.

Manila was getting to look like a sprawling, ill-planned city of sharp, sometimes ugly contrasts, the venerable stone houses beside the nipa shanties, the prim white-clad English banker sharing the sidewalk with the Chinese charcoal-vendor sweating under his burden. But everywhere there were signs of brute physical growth. At night the streets glowed with a stronger brightness, for the city was now serviced with electric lights powered by the generators of La Electricista de Manila. The cosmopolitan stores of Escolta were packed with merchandise from three continents. You could buy English ascots at Seckers and at Gutierrez, Swiss watches at Felix Ullman's and the finest leather goods at Riu Hermanos. You would buy these at virtual bargains, too, for the days of controls were still to come.

For an underdeveloped territory, the Philippines was enjoying a fairly encouraging balance of trade. For a period of 30 years prior to the turn of the century foreign trade gradually rose from 30 million to 40 million dollars, with exports slightly exceeding imports by from two to six million dollars. Increased agricultural production coupled with a more liberal trade policy on the part of the Spanish government were chiefly responsible for this continuing superiority of income over consumption.

Of the major Philippine exports, hemp was the biggest income-earner ($8,100,898 in 1888) closely followed by sugar ($6,271,030 in the same period). The next most important exports were coffee ($1,500,426), leaf tobacco ($1,340,314) and cigars ($1,108,911).

In exchange, the Philippines imported rice ($1,836,000), wheat flour ($515,521), wines ($496,149) and canned goods ($239,239). It was somewhat ironic that the Philippines which earlier in the century used to supply many ports in the Far East with its own rice now spent the greatest part of its import budget on this staple.

It is clear from these figures that on the export side of the ledger, the Philippines was subsisting on a strictly consumption economy. No significant amount of raw materials was imported for fabrication into consumer goods. By way of contrast, Japan, opened to world trade only two decades before, was already preparing for its future role as a manufacturing country. Many years later the Philippines would pay dearly for its neglect of the industrial arts and its almost idyllic dependence on the perpetual bounty of its sugar cane haciendas and tobacco farms. But for now it was enjoying a tide of prosperity as it had never had before, one of Spain's few remaining possessions outside the Old World and a political gamble that was only now beginning to pay off.

We had seen how foreign interests had made much of this prosperity possible and as the century drew to a close this economic relationship became even more pronounced. At the end of 1890 Great Britain controlled 33 percent of it of the islands foreign trade. China held 25 per cent of it but this figure included the business passing through Hongkong for transhipment to Europe, so it could safely be estimated that nearly half of Philippine trade was in the hands of the British, Spain, the mother country, was a poor third among the colony's customers, accounting for only 18 per cent, while the United States was responsible for nine per cent. Smaller portions of the trade went to Germany, France, Singapore and French Indo-China.

All these major trading countries except Spain held large imbalances of trade with the Philippines. In 1892 Britain sent merchandise worth about $5 million to the islands and took away products valued at about $6 million. The following year it brought over $4 million worth of commodities in exchange for nearly 10 million in sugar, hemp and other products. In 1893 the United States swapped $1 million worth of its products for the equivalent of $3 million in Philippine exports.

Spain, which long had taken the position that its colonies existed primarily for its own economic benefit, was the largest creditor of the Philippines. In 1893 its exports to the Philippines amounted to $5,104,000 as compared to its purchases worth $1,919,000. Spain increased her total trade with its colony by more than 200 percent from 1881 to 1893.

It was an undisputed fact that the English were in an enviable position as the most important traders, bankers and investors in the islands. Business directories of the period reveal a predominance of English names such as Butler, Sykes & Co. and Ker & Co. on the Escolta, Constable, Wood & Co. on San Gabriel, W. R. Patterson & Co. on Isla del Romero, and Philip, Moore & Co. on Anloague (now Juan Luna). Even some Filipino companies like B. A. Barreto y Cia, were actually partnerships controlled by British capital.

After the bankruptcy of the American company of Russel & Sturgis in 1875 closely followed by the merger of the other New England outfit Peele Hubbell & Co. with what is now known as Warner Barnes & Co., there were no American companies active in the Philippines. The English were left practically in control of everything — from marine and life insurance to foreign shipping.

A number of Filipinos later to be identified with the nationalistic movement were associated with these early English companies. Andres Bonifacio worked in Fleming & Co. while in his teens and later transferred to another English company Fressel & Co., then at 450 Nueva, where he stayed as a shop hand making canes and paper fans until the outbreak of the revolution in 1896.

It was in the field of transportation and communications, however, that the English played an indispensable role. The immediate trade relationship between Manila and Hongkong made a regular shipping service between the two ports a matter of necessity as far back as the middle of the 19th century. Among the pioneers on this route was the world-wide Peninsular and Oriental shipping combine.

In 1880 the Eastern Extension Australia and China Telegraphic Company, with the permission of the Spanish government, ordered its cable ship *Calabria* to lay an undersea wire between Hongkong and Manila. The ship strung out 475 miles of cable from the Crown Colony to Bolinao (which connected to Manila by overland wire). The Hongkong cable provided the country's first telegraphic link with the rest of the world. Previous to this, the fastest possible way Filipino businessmen could communicate with Madrid or Paris was to send a message by packet ship to Hongkong for transmittal to the continent over the wires of the Telegrafica de Reuter Ltd. It was a fairly expensive means of communication. At the current rates, you had to pay nine dollars to send five words to Great Britain.

The celebrated Manila-Dagupan railroad of 1892 was built entirely through British financing. Plans for this railway link between the capital and this vital commercial center in the north were under study as far back as 1875, but it was not until 1884 that any practical results were achieved. In that year the Spanish government after much dilly-dallying authorized the construction of 122 miles of track to get the project going. There was some difficulty in the disposition of the franchise. The original plan was to sell it at public auction with the offer of partial government subsidies at a specified sum per kilometer. This, however did not prove acceptable. Finally, the idea was dropped and the government agreed to change the manner of subsidy to an annual guarantee of eight percent of the invested capital.

A royal decree of April 9, 1887 made this policy official and the franchise was acquired by the Manila Railway Co. Ltd. with head offices in London. The government agreed to pay the English company 8 percent of the total cost of P4 914.473.65. Filipino labor gangs started laying down track in 1888 and by 1893 the road was complete except for the steel railway bridge spanning the Rio Grande. According to the Philippine Commission Report of 1900, the cost of the project was greatly in excess of what it should have cost. In many cases, the requirements of the government were "excessive and unnecessary." Foreign investment was already beginning to feel the hampering effect of government red-tape.

The English engineers were so confident of the success of the railway that they seriously contemplated putting up a sister line either starting independently from Manila or branching out from the main track at Quinqua and then running north through the rice plains of the Rio Grande, crossing the watershed between the Rio Grande and Cagayan rivers, passing the rich tobacco lands of Isabela all the way to Tuguegarao from which the Cagayan river is navigable to its mouth in Aparri.

A parallel development would have been the extension of the railway a hundred miles southward of Taal. This grand vision the English saw of Luzon spanned over the greater part of its length by rails of gleaming steel never did materialize, for the revolution soon broke out disrupting all established order in the archipelago. Miles upon miles of track, laid down at the cost of hundreds of thousands of pounds sterling, were torn up by Filipino revolutionaries and their work of destruction was later completed by the followers of General Aguinaldo in an attempt to delay the relentless advance of American infantry.

At the beginning of the last decade Philippine jurisprudence was enriched by the proclamation of two important bodies of law. The first was the Code of Commerce of the Philippines which went into effect in 1888. Based on the Spanish commercial code promulgated by royal decree three years earlier, it underwent a few important revisions before it was authorized for the Philippine jurisdiction by the Ministry of Colonies.

The origins of the code actually went further back to the earliest compilations of maritime law and in more recent times to the Napoleonic Code of 1807. A salient feature of the law was its recognition of the legal personality of business associations of various types including the *sociedades anonimas, cuentas en participacion* and *sociedad en comandita.* The *sociedad anonima* was the forerunner of the American-style corporation which came into being with the passage of the Philippine Corporation Law early in the 20th century.

The legal personality of a group as distinguished from that of each of its members was a thing quite well appreciated by the Spanish courts even before the proclamation of the code. The *cofradias* (religious corporations) to cite a specific instance, were somewhat seen to belong in this category, though there apparently had been no occasion in the past to fully define their status. Nonetheless the tendency had been for capital to form by means of commercial partnerships involving just a few capitalists, and this was true in the case of foreigners, Spaniards as well as Filipinos.

The new code gave new popularity to the corporate structure at a time when business began to need capital formation in proportions larger than the old-style partnerships could safely handle.

The *sociedad anonima* had its defects, notably the relatively weak protection it afforded minority stockholders in a situation where the controlling interests insisted on running the company their own way, but on the whole it proved acceptable under the conditions of the times. Many years later two giant concerns, Tabacalera and Benguet Consolidated Mining Co., given the option of retaining their status as *sociedades anonimas* or reforming under the Philippine Corporation Law, chose the former for reasons that were more practical than sentimental.

The promulgation of the Code of Commerce was immediately followed by that of the Spanish Civil Code. Portions of both the commercial and civil codes are still retained in the present body of Philippine law. The law of Spain was sound and just and it was in most cases well and nobly upheld by the courts in its jurisdiction. The injustices about which many cried bitterly in these trying days did not arise from the law itself but from the efforts of those in power to prevent others from resorting to it.

There was a still more significant development in the closing years of the Spanish regime and this was the rise to great influence of the well-born and educated Filipino. This was something the Spanish ruling class never quite bargained for, and until their last days of power they continued to look suspiciously upon the *ilustrados* as dangerous intellectuals and potential filibusters. In some cases, as we shall soon see, their suspicions were well founded.

Many of these Filipinos could trace their ancestry to Spaniards who married mestizas or native girls and chose to settle in the islands. Though basically of the same racial stock as the *Peninsulares* — the pure Spanish — they considered themselves "Filipinos," having been born in these islands and having no other intention except to live the rest of their lives there. Others of the same class were of Chinese descent like the Chuidians, the Limhaps, and the Ongpins. Their ancestors acquired their wealth not through land grants or generous bestowals from the government, for they were until only recently a brutally persecuted race, but through hard work and a shrewd trading ability peculiar to this breed of immigrants from China.

Some of the greatest fortunes in this era were made in agricultural production. Isidro de la Rama made a substantial contribution to the sugar industry before establishing the interisland shipping firm that was to carry his name. One of his ships, the *Cosmopolita*, was the acknowledged queen of the Manila-Iloilo run in 1895. It was a small ship even by the standards of the time — only 140 feet overall — but its plush accommodations made it the talk of the town.

A gentleman known simply as Capitan Berong owned rice fields large enough to encompass several municipalities in Nueva Ecija. His fine reputation spread clear across the Central Plains to Manila where his name opened doors to the most important merchants and bankers.

The Roxas fortune also derived to a considerable extent from sugar production. Jose Bonifacio Roxas bought 29,000-hectare hacienda in Nasugbu and planted this unbroken stretch of farmland to sugar cane. He ran the farm almost by himself until the early sixties when he took in his stepson Isidro Fernandez to manage the Nasugbu property. In that relatively remote place, practically a jungle then, Fernandez died of typhus, but not before siring three sons who were later to form the influential partnership of Fernandez Hermanos.

With the death of Jose Bonifacio Roxas in 1888, his properties were left in the hands of his son Pedro P. Roxas, who proved an able heir. He spent as much time in the hacienda as his Manila commitments would allow him and succeeded in boosting production without resorting to blank loans as most of his fellow-growers from the south were doing.

Others like Manuel Genato acquired great wealth by buying produce in the provinces for resale to exporters in Manila. His many friends in Lipa, Batangas sent their coffee beans to him on consignment, trusting him to dispose of them at the best prices. One of his prime assets was his ability to forecast the trend of prices in the world market.

Vicente Somosa, manager of the Ong Kaping firm, held practically a monopoly of the rice business, buying his produce from the far-flung granaries of islands as well as from exporters in Saigon and Singapore. Fortunately he was an upright businessman who steadfastly resisted the temptation to gain enormous profits from artificially-induced shortages of the prime commodity.

Other members of the Filipino upper class made a name for themselves in industrial endeavors. Francisco Roxas y Reyes founded the first and for a time the only oil mill in the country. Sancho Valenzuela owned the famous "Cordillera de Santa Mesa" which gave its name to the street on which it was located. His hand-operated winches turned out a brand of rope that was much sought after by shipmasters here and abroad. Some of them started in the humblest of circumstances. Hilarion Sunico specialized in the casting of small bells for the belfry trade. He was so successful in this endeavor that before the outbreak of the revolution he was the only foundryman who could be counted on to supply Manila's churches with large 300-pound bronze bells. When he died, he was a richer man than many of the landowners who used to look down upon him.

Remigio Guevara provided his fellowmen with an object-lesson in native enterprise when he studied the art of shoemaking in Spain and returned to encourage his neighbors in Marikina, Rizal to start a shoe-making industry. The benefits of his work are still much in evidence in this town today.

Though the overseas trade was largely in the hands of foreigners, Filipinos were more than holding their own in local commerce. Crisanto de los Reyes practically controlled the trade in hardware and construction materials. He was a taciturn man who kept his own books of accounts and never did fail his bankers. Ramon Ongpin, who started a small business selling paints to artists and craftsmen, eventually became the largest importer of paints in the islands. All artists swore by his paints, for he was a scrupulous merchant who wanted to give his customers only the best. A street in Binondo has been named in his honor.

Mariano Limjap and Telesforo Chuidian, both heirs of Chinese fortunes, proved even more successful merchants than their fathers had been. They were also instrumental in cementing a happier relationship between the Chinese and the Filipino communities in Manila.

Don Mariano was the son of Joaquin Limjap, a Christianized Chinese from Amoy who became quite wealthy making crop loans on sugar, tobacco, and hemp and trading on Philippine products in the China coast. His mother was Policarpia Nolasco, a Filipino girl from Binondo. Little is known of the boy's education but he must have learned a lot of firsthand knowledge from his father.

Upon the death of Joaquin Limjap in 1888, his interests were absorbed by Yek Tok & Co., an enterprise organized by Antonio Osorio and others. Mariano Limjap was left with a hundred thousand pesos. But this was enough to enable him to set himself up in an import-and-export business of his own.

After the death of his first wife, Limjap married the former Maria Escolar. This fruitful union produced four sons, two of whom were lucky enough to marry well-known Filipino beauties (Pedro Limjap married Zeny Apacible, 1923 Miss Philippines, and Francisco Limjap married Socorro Henson, 1926 Miss Philippines). One of his daughters, Esperanza, married Sergio Osmeña, who was later to become President of the Philippines.

Telesforo Chuidian had an almost identical background as Limjap. His Amoy-born father, Antonio Chuidian, left some wealth acquired from the profits from the well-known hardware store known La Puerta del Sol. His education at the Ateneo was interrupted by the death of his father and he had to take over the family business and help support his elder sisters. He joined his uncle Mariano Buenaventura & Co. He obtained large profits from the coffee and sugar business, eventually acquiring four sugar estates in Batangas. Apart from his crop financing, he had large investments in real estate, SMB stock and public utilities.

He habitually grew long nails, an indication of his high position in the Chinese community. General Jose Alejandro, his son-in-law, vouched that the house described by Jose Rizal in the "Noli Me Tangere" was that of Chuidian; it is not unlikely that the Capitan Tiago in the "Noli" was actually the fictioned personification of the Chinese tycoon.

One of the most inspiring rags-to-riches stories written in this age was that of Luis Ronquillo Yangco, the pioneer builder of river boats who came to be known as the "King of Manila Bay and the Pasig River." He was the youngest of four children of Remigio Yangco and Agatona Ronquillo, both of whom died when he was a mere boy. He came under the guardianship of his aunt Doña Agatona Yangco de Cortes, "a shrewd businesswoman who had little sympathy for the vagaries of adolescent boyhood." Doña Agatona must have pounded some hard sense into the boy's head because at the tender age of 12 he was ready to tackle the world.

He did odd jobs for some time, mostly at the waterfront. By much scraping and scrimping he was able to save the sum of ₱200 and this he used to buy his first banca. His idea of making a livelihood was simple — he would transport fresh water in jars and barrels to customers near the river banks. At that time Manila had no supply of piped water and this business thrived. Later, Yangco acknowledged his debt to his early enterprise by painting the design of a water barrel on the smoke stacks of his ships.

When the Carriedo system was inaugurated, it appeared that the Yangco fortune would meet a swift decline but the cunning native of Bacoor had the foresight to anticipate this eventuality. He converted his watercraft for lightering timber and other cargo from ships in the bay. His fleet rapidly progressed from bancas, to cascoes, then to sailboats and finally to small steamers which went on trading expeditions as far south as Palawan. He brought the big steamer La Mosca for the interisland trade. When he died, he had 28 steamships registered in his name, not counting 150 bancas and 12 lorchas. His personal fortune was estimated at over three million pesos.

He was a stern but honest man, favoring the fixed-price policy for his stores and a profit-sharing plan for his employes and frowning upon the practice of petty credit and personal vices. He strictly forbade his children to smoke, drink or play cards. Like many men who earned money the hard way, he was an advocate of thrift. He discouraged his children from the habit of taking merienda, thinking it both idle and unnecessary.

The last decade also saw the development of the country's first managerial talents. Rafael Reyes, an unusually active man, was much in demand as a paid executive. He took over at various times the management of the San Miguel ice plant, El Varadero de Manila, Compañia Maritima and the electric company. He handed each of these jobs with the help of only a handful of trusted bookkeepers.

Johnny Maclèod, a Manila resident of English descent was a man who could be counted on to straighten the affairs of even the most luckless business concerns. And just as soon as he had a business back on its feet he would move over to another which now needed his remedial genius more badly. Albino Goyonochea specialized in handling the affairs of absentee landlords who preferred to live more comfortably in Europe and elsewhere. His mastery of the intricacies of Spanish administration enabled him to handle any situation that might prejudice the interests of his clients.

What kind of men were these who made such an indelible impression on their age and who established some of the greatest fortunes existing today? According to Ramon J. Fernandez, chairman of the board of San Miguel Brewery and one of the few surviving members of this brilliant generation, they were men of exceeding boldness and foresight who made the most of opportunity when they saw it. They were cast of the same metal as Juan Rodriguez who built large wooden ships against the advice of his friends who thought the idea insane. Fully vindicated, he named the pride of his fleet, a crack liner 200 feet in length, after himself, the *Juan Rodriguez*.

Some of them lived like veritable kings. Enrique Ma. Barretto, reputedly the richest man in the Philippines, rented a town house for the fabulous sum of ₱17,000 a month. He cut such a fine figure in the most distinguished club in Madrid that he was known by all as "El Principe Negro" — the Black Prince. Gonzalo Tuason abdured office work during the summer, preferring to spend his leisure shooting wild boar in the Cordilleras. Telesforo Chuidian, indulged in a great fondness for breeding horses, some of which had to be imported at great cost from Arabia.

Indeed, nearly half of the city's social lions were listed among the stockholders of the Manila Jockey club, for horseracing was not only fashionable but actually profitable—from the business end anyhow. But all this flamboyance, and show-offishness was balanced by a rigid sense of morality and fair play. The common instrument in business was the *palabra de honor* business—deals involving hundreds of thousands of pesos were consumated by a mere verbal agreement. Enrique Barrera, the astute lawyer, was approachable by rich and poor alike, for he made little distinction among his clients except to charge the less affluent hardly anything for his services.

The majority of the ilustrado scrupulously kept their names free from scandal. Those who dared violate the unwritten code did so at the risk of outright ostracization by the rest of the community.

The truly great *comerciantes* of the times had the welfare of their lesser-endowed citizens at heart. Jose Bonifacio Roxas's ruling passion was the advancement of the country and he willed a good part of his fortune to the establishment of a school of arts and trades. He converted the ground floor of his big mansion on General Solano into a carpentry shop for the benefit of the kids around the block.

Fernandez recalls that the first modern business conveniences were introduced in this period. He saw his first typewriter sometime in 1890 at the cashier's desk in the office of Pedro P. Roxas on General Solano. But on the whole the top executives had to run the office practically by themselves. "Accounting was accurate but rather flimsy," Fernandez wrote, "and in a very small percentage of the cases did the books reflect the real state of business with the details of modern CPA's."

"Work began at eight o'clock beginning with the duster instead of the pen," he continued, "and by half past ten most of the work had been finished, thus giving the executives an opportunity to take their broth with some crackers which were brought up to their desks and which would sustain them up to noontime." They would retire to a dining room cooled by the arms, swinging pendulum-like, of a *punka* which was a combination air-conditioner and fly-swatter. Lunch would be followed by a short siesta on a friar's chair equipped with long arms, sleeperette-style. At half-past two they were back at work and they would finish at five, for few of these captains of industry had any faith in the wisdom of burning the midnight oil for an extra peso.

The decade began auspiciously enough with the formation of two corporate entities, San Miguel Brewery and Compañia Maritima, which were conceived with the same genius for amalgamated management and had interlocking directorates.

Compañia Maritima was no less than an unbeatable combine of shipping interests led by the Ynchausstis and Aldecoas (Spanish), Macleods (English) and the Roxases, Tuasons and Fernandezes (Filipino). Some of these founders had their own shipping companies but they knew that only by joining together could they hope to control interisland trade. So they pooled their ships, cash and negotiables. All in all, they had a kitty of ₱2,500,000.

Modern corporate history in the Philippines starts in all probability with the writing of the constitution of the *sociedad anonima* known as the Compañia Maritima. Previous to 1880, all business was run on a strictly personal basis, the general idea being that the less people running the office the better. By forming a common investment pool, the incorporators of the shipping company now were able to tackle a job that normally would not have been possible without heavy government subsidies. The most experienced of them were chosen to manage the company — Zoilo Ybañez de Aldecoa, Alejandro Stewart Macleod, Francisco L. Roxas, Rafael Reyes and Francisco Reyes. In this directorate, Aldecoa and Macleod represented the shipping knowhow, while Reyes and Roxas provided the managerial acumen. A more desirable combination could not be found.

Many years before, Enrique Ma. Barretto, the cocky young heir of the Barretto, fortune, saw the vast potentialities in a modern brewery in Manila. There were 300,000 souls in Manila alone and every other one was a potential beer drinker—and imagine all the spiritous fiestas being held every year! He besought Governor Valeriano Weyler's approval of a 15-year grant to operate a brewery. The *gobierno civil* deliberated over the proposal and approved it, but only for five years. Not to be daunted — he wasn't the "Black Prince" for nothing — Barretto sought the blessings of no less than the Ministry of Agriculture in Madrid and was rewarded with a 20-year franchise.

After much arduous preparations, the inauguration of the new Fabrica de Cerveza was scheduled for September 29, 1890. Though Barretto had all officialdom whipped into line, he had not the same luck with the weather. A typhoon caused the postponement of the great event to Ocober 1, and again to October 4.

It was one of the biggest social events of the year. The governor and the archbishop were in attendance as were the cream of the city's aristocracy. The artillery band was in the fettle. When the beer fountain — the city's first — was opened at 7 in the evening, all Manila poured into the premises of No. 6 Calzada de Malacañang (later named Aviles and more recently Jose P. Laurel) to marvel at the huge three-storey works. The establishment had two main sections, an ice-making plant with a daily capacity of five tons and the brewing division which had an annual output of 3,600 hectoliters.

But the stormy weather attending the inaugural seemed to augur poorly for the pioneer brewery. Barretto was a top-notch planner but the increasingly heavy burden of running the company from day to day proved too much for him. On June 6, 1893 he decided to turn over the affairs of his brainchild to his co-partners. This was the key move in the entire history of San Miguel Brewery. The new administration was headed by one of the country's most astute businessmen Pedro P. Roxas.

Roxas, who later acquired shares worth ₱42,000 from Barretto, business-managed the new concern into a profitable enterprise. One of his astute decisions was to replace Refenbauer, the brewmaster he inherited from Barretto, with a debonaire, Van Dyke-bearded German named Ludwig Kiene. On Kiene's skill and experience depended much of the success of the entire brewing operation. The German brewmasters, incidentally, swore by the motto, "Hopfen und Malz Gott Erhalts" — or roughly translated, beermaking is in the hands of God.

The growing threat of an armed uprising against the Spanish colonial government placed the Filipino *ilustrados* in an unenviable position. They shared with their less fortunate brothers a desire for political reform but they differed in their beliefs as to the best way to achieve this end. While the Katipunan plotted a revolutionary war, the "middle class" showed by their discretion and reluctance to be involved in anything cabal or under-handed a preference for a more peaceable settlement of this problem. In fact, quite a few of them believed not in independence but in making the Philippines a province of Spain and of giving its native-born the rights and privileges of Spanish citizenship.

The wealthy Filipinos were understandably concerned over the disruptive consequences of a shooting war for they had much at stake. On the other hand, the lower classes who stood to lose nothing except their lives could afford to throw caution to the winds.

This basic difference in outlook was enough to drive a wedge of mutual distrust between the two classes of Filipinos. Jose Rizal, whose aid was besought at least twice by the Katipunan, flatly refused to have anything to do with the rebels. Not one member of the ilustrado, according to U.P. historian Teodoro Agoncillo, was bold enough to offer moral or financial support to the revolution soon to break over the Philippines. The Katipunan remembered this great snob with a vengeance.

Thus, when the witching hour finally struck, the well-born Filipinos were just as stunned and unprepared to meet the emergency as the Spaniards they secretly opposed in hearts. Now that the bat was out of the box, many members of the middle-class came forward to volunteer their help. In Manila there was little anyone do without risking the firing squad but in the provinces rich Filipinos gave their substance to the bands rallying to the call of independence. Ramon J. Fernandez recalls vividly how his cousin, Pedro P. Roxas, spent ten nights on foot frantically trying to locate the headquarters of Bonifacio. He was ready to be of whatever use the Katipunan wanted of him. But he never succeeded in making th econtact.

And now the Katipunan exacted its vengeance in a most despicable manner. When Andres Bonifacio, Emilio Jacinto and Pio Valenzuela, members of the organization's "secret chamber," met for the last time, they proceeded to prepare faked letters linking many of the wealthiest Filipinos in Manila to the revolutionary movement. Accomplished forgers were obtained to duplicate the signatures of these members of the *haute-monde*. When the forgeries were completed, Bonifacio and Valenzuela went from place to place leaving the incriminating documents where they could easily be found.

Agoncillo rationalized that the plotters were motivated not by spite or malice, bu merely by a desire to seize a tactical advantage in putting these wealthy men in a position where they would have no choice but to support the Katipunan. They were men in desperate straits and they acted recklessly, without fully seeing the terrible consequences that would ensue from their deed.

Thus it was that, while the battle of San Juan del Monte was still raging, detachments of the *guardia civil* fanned out into the many districts of Manila with the mission of arresting the betrayed enemies of Spain. The scene was repeated in many domiciles: there was a terrible hammering at the door, the shocked surprise of the inhabitants as the uniformed troopers bustled into the well-appointed rooms demanding the surrender of the head of the house, and the livid victim finally being led out swearing that the Queen Regent herself would hear of this outrage.

Manila was tunned by the arrest of its leading citizens. They included Telesforo Chuidian, Mariano and Jacinto Limjap, Juan Luna, Antonio Luna, Jose Albert and the "King of Manila Bay" Luis R. Yangco.

They were by no means alone in their suffering. Hundreds of others from as far away as Vigan were torn from their grieving families and shipped like common criminals to Manila. "They were bound hand and foot and carried like packages of merchandise in the hold," John Foreman wrote in an outburst of indignation. "I happened to be on the quay when the steamer discharged her living freight with chains and hooks to haul up and swing out the bodies like bales of hemp."

Many of the accusations brought against these men were patiently baseless, but certain unscrupulous officials saw in this situation an opportunity for extortion of the most infamous kind. Yangco was said to have paid ₱10,000 for his release, while others had to buy their freedom for sums ranging from ₱50,000 to ₱80,000. In some cases, according to Foreman, freed men were rearrested for the same offense and made to pay ransom again.

Those who were able to bail themselves out of jail were fortunate compared to the poor wretches who had to suffer the tribulations or imprisonment in the dank cells of Fort Santiago. The dread goal was packed with 600 pitiful souls, many of them in deep cellars where the waters of the Pasig rose neck-high at high tide for several hours each day. Once a Spanish sergeant was reported to have thrown a rung over the only ventilation shaft of a dungeon with the result that after a few days all but a few died of suffocation.

It is not easy, however, to accept Agoncillo's pat explanation that all these men were merely helpless victims of a chain of titanic events that swept everything to destruction. Francisco Roxas, the wealthy oil man who had a gentle soul and a love for the violin, was accused of shipping arms to the rebels and gave up his life before a Spanish firing squad. He was as much a a patriot as the peasants who fell in battle following the banner of Bonifacio.

The aftermath of the revolution was a painful one, for although many of those brought before Spanish justice were later found innocent, they all suffered terrible financial losses as a result of Governor Ramon Blanco's decree authorizing the confiscation of the properties of suspected rebels. Bridges were destroyed and telegraph lines cut down by the rebels. Most of the foreigners living in the country were not harmed, except for a few unfortunate fellows who were mistaken for Spaniards by trigger-happy Katipuneros. But as a group they too felt the severe blow the uprising dealt to the general economy.

The next two years following 1896 were not happy ones for all concerned. The Rizal family, driven out of Calamba, mourned their martyred son in a house on Estraude, Binondo. They lived every minute in fear of further reprisals against the family. The English chafed over the interminable delay in their shipping schedules. The Spanish rejoiced over the deportation of General Aguinaldo but they could not escape a clammy sensation that, despite the truce, events had finally gone out of control.

And so it had, though not in the circumstances that one could easily anticipate. One bright May morning in 1898 an English bank employee rushed to the city walls upon hearing the thunder of naval guns in the bay. He was in his spare time a correspondent for *The Times* of London. In a few hours he had rushed off a dispatch describing the stunning defeat of Montojo's squadron at the hands of an American fleet. Its leader was named Dewey. Elsewhere, the news was received variously with trepidation and hope. Some *señoritas* shed a few tears for the handsome Spanish officers from the Royal Squadron who had gone down with their shattered cruisers. In that exciting morning, though few had the wisdom to realize it, an entire life with its virtues and its ills, an era that had spanned over three centuries, finally came to an end.

Mosque and Moro: A Study of Muslims in the Philippines

By Peter G. Gowing, Th.D.

(Philippine Federation of Christian Churches,
Manila, 1964, pp. IX, 1120. P1.20.)

This handy volume contains the lectures and articles of Professor Peter G. Gowing, Th.D., of Silliman University, Dumaguete City, "somewhat redesigned and modified", according to his prefare. He has drawn from secondary works, magazine articles, and unpublished MSS for his material, enriching it with his own observations and impressions gathered in the course of his visits to Muslim communities. Well-written and carefully organized this little book achieves the purpose of its author, which is to depict "an accurate image of the Muslim Filipino and his religion which will prove helpful in understanding the challenges and opportunities they present to Christian work".

The general reader will find this book highly informative and interesting, and the scholar should welcome the bibliography at the end of the book which includes references in such fugitive sources as current periodicals. In five short chapters Dr. Gowing deals with the ethnic and geographical distribution of the Muslim Filipinos, Islam in the Philippines, Muslim culture and society, and the future of Muslim Filipinos, and even with the present-day North Borneo Question in one paragraph. The last chapter is a brief review of Christian work among the Muslim.

Dr. Gowing is right in stating that "The Muslims gladly accepted the proferred hand of American friendship with the understanding that they would be left alone to worship and follow their religion as they pleased." (P. 24). Under the American regime the government pursued a policy of attraction or integration that the succeeding Philippine Commonwealth Government faithfully continued with felicitous results, as national life under the present Republic attests. One of the Americans who contributed greatly to the success of that policy was Frank W. Carpenter when he was governor of Mindanao and Sulu. As proof of the confidence of the Muslim leaders in his integrity and goodwill, they agreed to send some of their daughters to Manila for their education alongside other Filipino girls despite their traditional indifference to woman's education. Among the Muslim girls who came to Manila was Princess Tarhata Kiram, a comely girl. She was enrolled at the Normal School (now the Philippine Normal College) and she boarded at the government residence hall for girls, Normal Hall, close by. The dean of Normal Hall Mrs. Alma H. Burton, an educated and very understanding American lady, became her guardian. Under Mrs.

Burton's guidance the Princess progressed rapidly in her studies as well as in the social graces. She was afterwards sent by the government to the United States and studied at the University of Illinois.

An efficacious instrument of the policy of attraction was the public school and the education of Muslim women. The acceptance of the public school system by the Muslim Filipinos explains their remarkable political and social advancement that is manifest today.

The author has chosen to place his enlightening notes at the end of each chapter. This reviewer would have preferred to have them at the bottom of the pages of the reference for the greater convenience of the reader. As it is, the reader has to interrupt his reading by turning to the end of the chapter whenever he encounters a reference, which is bothersome.

ENCARNACION ALZONA [1]

Mindanao: The Story of An Island

By F. Delor Angeles
GIC Enterprises & Co., Inc., Philippines
Manila, 1964, 72 pp.

A panoramic view of the history of Mindanao is given in F. delor Angeles' *Mindanao: The Story of An Island.* It discusses the Pre-Spanish Muslim society, the centuries of Muslim-Christian conflict, attempts of the Spaniards to gain a foothold, American penetration, some four centuries in terms of period.

The region which has so attracted generations of settlers as a "Land of Promise" has failed to attract its share of scholar-enthusiasts. There are of course books written about Mindanao, like F. Combes, *Historia de Mindanao, Iolo y Adjacentes* (later edited by W. E. Retana and P. Pastell's, Madrid, 1897), and the works of an American, Najeeb M. Saleeby, *Studies in Moro History, Law and Religion* (Manila: Bureau of Printing, 1905) and *History of Sulu* (Manila: Bureau of Printing, 1908), but they come very rarely. So far as we know this work is the first by a Filipino author.

The author is a history teacher for the last decade, he has taught at Siliman University, Xavier University, Mindanao State University, Ateneo de Manila, presently connected with the University of the East. He has taught in Mindanao and has written serious and scholarly articles. While connected with Siliman University, he was sent to Indonesia as a scholar. He has therefore exposure to the subject-matter of his study.

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[1] Ph. D. (History, Columbia University, New York City); Emeritus Professor of History, University of the Philippines.

The book is decidedly a "history" even if it is modestly titled "A Story of An Island." His style is a combination of chronicle and analysis, although in diary form. The diary form is a device to stress the *lacunae* in sources rather than a matter of choice. The monograph contains a critical bibliography, index and footnotes. The same modesty makes the author say that the work is "not definitive" (p. iv.) and cautions writers that "given proper access to sufficient material, a well-trained historian may take some five years to prepare a good history on a region as huge as Mindanao." (p. iv).

The promise of the island is aptly described thus: "Potential oil deposits; the booming lumber business in Agusan; growing industrial complexes around cities like Iligan; exploitation of the large iron and nickel deposits in Surigao; and the opening of rubber plantations in Zamboanga del Sur, Cotabato and Basilan by foreign companies are heartening booms..." (p. 56). The problems of the region are also discussed like "natural calamities like volcanic eruptions, earthquakes, epidemics; yearly rat infestations; and mosaic infection of abaca combine with man-made problems like smuggling, piracy, deforestation, class-exploitation, dirty politics (gerrymandering, spoils system, etc), ghost schools, as well as graft and corruption in government office smake life miserable for the common tao in Mindanao. To this list...we can add increasing immigration, expanding population, lagging food production, and indifference of the affluent classes." (p. 56).

Angeles is both a teaching and writing historian. He used both primary and secondary courses. The book is intended for libraries and students, as well as the general readers. Angeles is one of the younger but promising historians who should be encouraged in their research work, for he has shown by his writings definite promise. It is hoped that he supplements his material and update it. The book is a definite contribution to the literature about Mindanao and stands to be read on its own merit.

Principles of History Teaching

By W. F. Burton

Methuen & Co. Ltd., 1963. 179 pp. Index.

There are very few books on how history should be taught in schools.[1] W.F. Burton's *Principles of History Teaching* is a much welcome addition for history teachers. The author is head of the history department, School of Education at the University of London. He has written an earlier work *Handbook for History Teachers.* This later book the author examines the nature of the teaching problem, historical events and the problem of teaching them, explanation in history and the arrangement of the events for teaching them, and the problem of the syllabus.

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[1] Paul Klapper, *The Teaching of History* (New York: D. Appleton and Company, 1926) and Henry Johnson, *Teaching of History* (Boston: Houghton Mifflin Co., 1913),

The book is "a study of the relationship between practical problems of teaching history in school, and theories of the nature of history as a subject. . ." (Preface) The author contends that the essence of this approach. . . is that all teaching techniques and syllabuses invariably rest upon assumptions about the nature of one's subject, its logic of explanation and its purpose and value in education. The art of becoming a critical teacher is essentially a matter of becoming aware of these assumptions implied in different practical techniques." (Preface). The purpose of the book "is to provoke reflection rather than to plead for any particular conclusion." (Preface).

There are two sides of any teaching, *first,* there is the pupil, student or apprentice whom we are teaching, and *second,* there is the subject, skill, trade or profession which we are teaching." (p. 1). "Teaching" the author continues "is a three-fold relationship between teacher, subject or skill on the one hand and the pupil on the other." (p. 1). The role of the teacher is that a "bridge between the pupil and what it is he seeks to learn." (p. 1).

Some of the questions sought to be answered in this book are: "how should facts be grouped for exposition to a class " (p. 6); "can history be an objective record of the past?" (p. 9): and lastly "are there historical principles binding on both teacher and historian, which decided whether an event is important?" (p. 9).

His answer to the problem of whether history can be an objective record of the past said "history is not and cannot be an objective account of the past." (p. 11). As to the grouping of events peculiar to history, one is the "developmental perspective" which "see each aspect of life in terms of its unfolding development." (p. 9).

As to the problem of the nature of history as a subject, we are faced with three considerations: (1) the nature of the facts of history and how they differ from facts of other subjects, (2) the nature of explanation in history, the use and meaning or the concept of causation, (3) and the problem of selection in history. (pp. 18-19).

What are historical events? What are their typical features? "first, they [historical events] cannot be observed or inspected. . . they have to be visualized or imagined, second, history. . . is knowledge studied in detachment, and third, events are not available to direct inspection (p. 32), the teacher, . . .must necessarily depend heavily upon language as his principal medium of communication." (p. 40).

Explanation in history is "the process by which the historian explains why and how events happened." (p. 63). While a syllabus "is a statement of the contents of a subject which it is proposed to study: it is also a statement of the order in which it is proposed to study those contents." (p. 109).

As to why the students should first study the history of his own country, this author advances two reasons: "first. the history course should make children aware of their heritage, and second, the history of one's own country is more intelligible, and involves less strain on the historical imagination than the history of other countries." (p. 164).

The book is a handy guide to graduate students and to teachers of history who will surely come to meet these problems in their teaching. The book ought to provoke critical study of the principles of history teaching among those who are already in the field. Professor Burton has certainly done a great deal in enlightening history teachers along the lines he suggested.

University of the East MAXIMO P. FABELLA

The East and the West

A Study of their Psychic and Cultural Characteristics.
By Sidney Lewis Gulick
Tokyo: Charles E. Tuttle Company, 1963.

Dr. Sidney Lewis Gulick was an acknowledged authority on the Far East. His specialty is the religious, psychological, sociological, and historical present of the Japanese people. He spent twenty-five years of missionary service in Japan, after which he became the next twenty years an executive secretary of the Federal Council of Churches. He traveled extensively in other Oriental countries, was personally acquainted with the leading scholars and philosophers of the Far East as well as with Western Orientologists, and had written thirty-four books on Japanese life and Oriental thought, of which fourteen were written in Japanese. *The East and the West,* written during the last ten years of his life while in retirement in Hawaii, is considered to be his *magnum opus.* He died in 1945 at the ripe age of eighty years.

From the very beginning of his missionary work, Dr. Gulick was obsessed with a strong desire to prepare "a study and exposition that will help onward the missionary cause the world over, and that will help both the East and the West to appreciate and understand each other," hoping that the works should "contribute to the cause of universal peace, which can never come so long as mutual misunderstanding and jealousy remain." *The East and the West* is a philosophy of culture that is spiritually and intellectually stimulating.

Although the book is not divided into parts, there are clearly discernible three logically arranged approaches. The first deals with the anthropological bases of the study. Dr. Gulick describes the habitat, climate, and food-getting of the Orientals that condition their psychic processes as distinguished from those of the Western world.

The second approach contrasts the characteristics and cultures of the East and the West and attempts to explain the difficulties in mutual understanding. It stresses the sociological aspect of the study. The chapters include: Obstacles to Mutual Understanding and Ways to Surmount Them, Courtesy, Family Systems, Ethical Ideals, the East and the West Characterized by Writers, and Cultural Contrasts (Chapters II-VII).

The third and last approach dwell on the abstract embodiment of Occidental and Oriental cultures in their metaphysical and religious systems. The topics are: the Outer and the Inner World, Historical Sketches of Buddhism and Christianity, the Buddha and the Christ, Religion, Mysticism — East and West, Incarnation, Religious Art, Conceptions of Ultimate Reality in the Orient, Conceptions of Ultimate Reality in the Occident, Cosmogony, Personality: Human and Superhuman, the Problem of Evil, and a Conspectus of Eastern and Western Concepts and Trends (Chapters VIII-XX).

The *pari passu* comparison of the two cultures by Dr. Gulick is probably the only study of its kind. At least, he himself believes so. The author has handled his subject with great competence and high scholarship. His fundamental aim is "to study the world-constructs which have been reached by the great thinkers and cultures of the East and the West and, in the light of the best available criteria, to consider their validity." (Page 56.) He has shown that the two main streams of humanity exhibit not only profound differences but also fundamental agreements.

Among his interesting conclusions may be enumerated as follows:

1. *On courtesy:* Courtesy in the Orient pervades all ranks of society from the most highly educated and wealthy down to farmers, day laborers, and domestics . . . The West is comparatively ill-mannered. (Page 61.)

2. *On family systems:* The patriarchal system of the Orient tends to beget a contemplative, pessimistic, introvertive people, while the monogamic system of the Occident tends to beget an active, optimistic, extrovertive people. The one fosters a feeling of unity of life and the universe; the others, a feeling of the antitheses of life. (Page 93.)

3. *On ethical ideals:* The evidence presented shows that the real debate between Hinduism, Buddhism, Confucianism, and Christianity lies not in the realm of moral ideals, but in the realm of the sanctions or postulates underlying their moral teachings, namely, in their religions and philosophies. (Page 113.)

4. *On culture:* That biological differences have little if any significance in the conditioning of mental or moral characteristics; that the most important

conditioning elements are civilizational and cultural; that the civilizational achievements of one people can be largely acquired by any other people; and that cultural achievements of one people may powerfully stimulate and even transform the traditional culture of other peoples. (Page 149.)

5. *On the two worlds:* The tendency of the East has been to overemphasize the inner world, that of the West to overemphasize the outer world. The orient tends to be oversubjective, the West overobjective (Page 150.)

6. *On mysticism:* That the psychological habits of introversion and extroversion of the East and the West respectively determine their mystical experience: the Oriental introversion stresses abstract universals and absolutes, with its impersonal, nonethical conception of Ultimate Reality leading to the mysticism of identity; while the Occidental extroversion stresses concrete, verifiable experience, with its personal, ethical conception of Ultimate Reality leading to the myticism of concrete companionship. (Page 239.)

7. *On Personality:* The East minimizes personality, regards it as something to be suppressed and nullified; the West exalts personality, ascribing to it infinite value and significance and regarding it as furnishing the best clue which man has to the mysteries of the Great Reality behind the visible universe. (Page 336.)

The Trial

By Adrian Cristobal
Pedro B. Ayuda & Co.
Manila, 1963

This forty-five-page play, subtitled "A dramatization of the prosecution of Andres Bonifacio," draws much of the historical material from the book *The Revolt of the Masses* by Professor Teodoro A. Agoncillo.

Although written and published in 1957 in the Literary Apprentice, its republication in the Bonifacio Centennial Year has contributed in no small measure to a revival of the people's consciousness in their history and pride in their heroes, particularly the Great Plebeian. The excerpt from "The Legacy of Bonifacio" by Manila Mayor Antonio J. Villegas printed on the inside cover flaps is very fitting and appropriate.

Scene One centers on a statement by Colonel Pedro Lipana, Judge Advocate, of the purpose of the session of the Military Tribunal meeting on April 29, 1897, namely, the trial of Andres Bonifacio and his comrades for the crimes of sedition, treason and of attempting a counter-revolution.

The charges were formulated by Severino de las Alas, a member of the Magdiwang faction which was supposed to be loyal to the Katipunan Supremo.

The plot proceeds with the cross-examination of witnesses — Major Benito Torres, Procopio Bonifacio, Julian Aguila, Francisco Carreon, and Lt. Col. Pedro Giron, the last being a state witness, in the order named. The trial having been rigged up, the questions are leading and incriminating. The defense counsels show indifference.

Scene Two portrays the trial of Andres Bonifacio by the same Military Tribunal on May 4, 1898, in Maragondon, Cavite. He is preceded by a cross-examination of his wife, Gregoria de Jesus. The scene ends with a summation of the issues by the Judge Advocate, followed by a revelation that the tribunal has concluded that Andres Bonifacio and his brother Procopio are guilty as charged and a manifestation that he shall appear at the Council of War to demand capital punishment for the two brothers.

Scene Three shows the Council at War convened the next day, May 5, at the same place for the purpose "of upholding military justice in the case of Andres Bonifacio, Supremo of the Katipunan and initiator of the Revolution, and his brother, Procopio Bonifacio..." Here the climax of the play focuses on Andres Bonifacio making a courageous but desperate stand against insuperable odds. His fate has been sealed even before the trial.

Cristobal's work is an excellent dramatization of the mock trial and its concomitant indignities to which Andres Bonifacio and his comrades were subjected. It reveals, through the questions and answers, the author's familiarity with judicial process without losing sight of the fact the trial was rigged. The testimonies and declarations are substantial adaptations of the original documents surrounding that infamous trial.

There are quotes of contemporary interest and relevance. "We are not rehearsing, we are not staging" reminds us of politicians. "Why should we waste time on trials?" should give a clue to investigating committees. "God and time have a way of mending things, if they should need mending" should be a balm to those who need patience. "Of men suddenly raised to power the greatest flaw is ambition" should be a warning to political parvenus drunk with power. In an age reeking with the stench of political vendettas, Bonifacio's voice has a penetrating truth: "In times of war, it is always easy to find if he is considered an enemy." And this from the Supremo could as well be the anguished cry of the oppressed public servant: "I did not foresee the tyranny and injustice in our hearts."

This reviewer could not help pointing out some of his observations.

Scene One opens with two rebel soldiers of General Emilio Aguinaldo, "going through a short pantomime of judge and defendant, general horseplay." Caught in the act by a citizen who asks them whether they are staging some kind of a zarzuela, the first soldier replied: "We are not rehearsing, we are not staging. We are rigging up an important military trial, as you can very well see for yourself." This confession of the nature of the trial made at the beginning of the play is, to this reviewer, unnecessary and undesirable: unnecessary because it is adequately suggested in the trial proceedings; and undesirable because it reduces, by advancing information, the reader's expectation and suspense as to the plot development.

In the trial of Procopio Bonifacio, he insisted on his ignorance of the existence of a government. Yet when interrogated whether he could recall who fired the first shot in the encounter the day before, his answer was: "Certainly, the *government* soldiers did. They fired the first shot." (Underscoring supplied.) Procopio was being inconsistent. But it was not his fault that he was; it was probably the playwright's.

The secretary of the Military Tribunal recording the trial proceedings made the following entry:

"On being asked... he answered... that the blood on his clothes came from his nose, because a government soldier had struck him with the butt of his gun..." The playwright most likely overlooked the fact that the word "government" could not have been uttered by Procopio and that it was an entry made in the proceedings by one who then belonged to the government of General Aguinaldo and therefore instinctively wrote the word to qualify *soldier.*

Another observation. Elises, the fiscal is cross-examining Procopio who denies vehemently the former's insistence that the Bonifacios had been holding meetings to plot the overthrow of the Revolutionary Government. Gonzalez, a counsel for Procopio, objected saying that the fiscal is being obstinate, to which the Judge Advocate replied: "Counsel's objection is sustained. Witness will please control himself. And I must caution Counsel to conduct his interrogation in the proper spirit." The question is: Was the Judge Advocate giving caution to the Counsel or to the Fiscal? That he meant the Fiscal is shown by the fact that the latter stopped his cross-examination and turned over the witness to the Counsel.

To this reviewer the ending appears weak. It is weakened by the precurtain statement of General Mariano Noel, president of the Council of War, adjourning the session. The audience's attention shifts from Bonifacio to Noriel, from the principal to the secondary figure.

If the play had ended with Bonifacio's speech, with the Supremo dominating the scene as he makes his plea, a picture of futility among foes,

> No! they shall hear me. Tell me, brethren, am I guilty? Can the founder of the Katipunan ever be guilty of such crimes? . . . . You can do away with me now! All my life I have fought against tyranny and injustice of others. I did not foresee the tyranny and injustice in our hearts. Let this injustice be final!

the dramatic effect would have been tremendous and the impact of the message upon the wrapt audience, unforgettable. But the playwright, I concede, may have valid reason for closing the play as he did. That is his craft.

At any rate, the play as a whole is superb. It deserves a hearing on the stage. It deserves a national audience.

Mightier than the Sword

Biography of Graciano Lopez Jaena
Demosthenes of the Philippines

By Demy P. Sonza

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The author is a personable young man full of ambition, vigor and enthusiasm. He is president of the Iloilo Press and Radio Club, member of the Philippine Historical Association and of the First International Conference of Asian Historians, former Adviser of Publications, Central Philippine University, and Manager of the NCDA Radio Station No. 2 in Iloilo.

Author Sonza has three books to his credit and his fourth one, *Mightier than the Sword,* is his best in point of subject matter, organization, style, analysis, scholarship, readability, and general interest.

Graciano Lopez Jaena was one of the triumvirate composed of himself, Jose Rizal, and Marcelo H. del Pilar that formed the pillars of the Propaganda Movement of the Filipinos in Spain. Rizal contributed his facile pen, Del Pilar his fearless logic, and Lopez Jaena his golden tongue.

One of the ironies of history is that Lopez Jaena has been neglected and little written about. He it was who pioneered in the propaganda work, who set the tone of the struggle for reforms, who spread around the contagion of his oratorical brilliance, whose unmatched eloquence won for him and the Philippines the admiration and respect of the Peninsulars and all who heard him speak.

Mightier than the Sword is a most worthy attempt to save Lopez Jaena from oblivion and restore him to the glorious niche to which he rightfully belongs. The great value of the book, as well as its distinction, is that it is the *first* book on the hero's life and labors.

The book contains eight chapters, each with appropriate head quotation from outstanding Filipino patriots and illustrious heroes. Two appendices, no less than fourteen illustrations, and an excellent bibliography of some thirty-four books, thirty pamphlets and periodical articles, and two unpublished master's theses complete this biography.

The opening chapter describes the work of the Propaganda Movement and compares the qualities of the members of the famous triumvirate. From

Filipinas Ante Europa, a Madrid newspaper, we have this: "Rizal dreamed much and accomplished a good deal; Marcelo del Pilar thought well and proposed much that was practical, but . . . Lopez Jaena did much and did well for despite his poverty he had an iron will whose equal has not yet been seen. He was a true apostle of the Philippines."

An appraisal of him in our time came from the words of President Carlos P. Garcia: "Rizal was the idealist, the cultured and learned leader of his people, the apostle who was capable of supreme sacrifices for his country; Del Pilar was the political realist, the suave diplomat, the shrewd strategist, the cautious but fearless crusader; and Lopez Jaena was the carefree bohemian, the dauntless and impulsive fighter, the indefatigable writer, the orator with pentecostal eloquence, the spell-binder of the masses."

Of the three stalwarts Lopez Jaena was, in the words of the author, "the morning star, the advance scout, the trail blazer, of the great libertarian campaign and, as such, deserved as much credit as the other foremost exponent and prime movers, Jose P. Rizal and Marcelo H. del Pilar."

The second chapter delineates the birth, childhood, education, and activities of Graciano Lopez Jaena up to his escape, owing to impending danger from his enemies, to Spain where for the next sixteen years "he was to devote his life to the soul-consuming obsession of making his country a better place to live in and seeing his people enjoy a life worthy of the children of God."

Arriving in Spain, Lopez Jaena lost no time in carrying out his self-assumed mission even while adjusting himself to his new environment. The chapter glows with the unwavering resolution, the lofty purpose, and the admirable quality of leadership displayed by him in the face of odds.

Chapter Four is a eulogy of the hero's fiery tongue. No less than Mariano Ponce himself, a member of the Propaganda, who testified to Lopez Jaena's power of speech: "His words which flowed from his lips like burning lava from the crater of a volcano, convinced us. They gave us no time to think, they made us feel in an imperious manner, dragged the masses with them, exciting their enthusiasm to the utmost degree."

The scintillating pen of Lopez Jaena is the subject of the next chapter. Undaunted by the failure of the Circulo Hispano-Filipina, Lopez Jaena redoubled his efforts and contributed articles to no less than fifteen newspapers and periodicals in Madrid, Barcelona, and even London. His fame as a writer spread and he became so well respected that he was offered the editorship of a New York periodical with an initial monthly salary of $200 plus shares in the profits. His classic reply was: "My intelligence and my pen belong to the Philippines and not to any foreign country."

His religious views, discussed in Chapter Six, find kinship with those of Rizal and Del Pilar. They did not hate religion but the bad and vicious religious leaders and practices. "Let us not confuse the issues," Lopez Jaena would explain. "Religion is not the friar nor the friar religion; religion has existed alone and can exist without the friar. Neither is the friar Spain, nor Spain the friar, nor yet the affairs of the frairs the affairs of Spain . . . neither Spain nor religion has to do with the abuses of the friars."

His socio-political ideals deserve more attention than they are getting now. His anti-monastic sentiments stem from his belief that it was "not possible for monasticism and progress to live together" and that to attain the good society it was necessary to purge it of the corruption that saturated it by removing the cause — friarism.

Besides, Lopez Jaena sought to secure equality between the Spaniards and the Filipinos before the law, spoused the liberation of Filipino womanhood through education, advocated universal suffrage, believed in the people's sovereignty, the rule of the majority, encouraged the building of schools and colleges, and would promote industry, commerce and trade.

The last chapter describes the last years of the short but productive life of Lopez Jaena. It contains a fitting appraisal and a deserving tribute to the memory of an ardent patriot who, missing the opportunity of a martyr's death, "missed the honor and glory now enjoyed by Rizal."

The author concluded with a thought-provoking challenge: "But was dying the slow and agonizing way as Lopez Jaena died for the very same cause of his country a lesser martyrdom? That is for his countrymen to answer. Now."

This reviewer sincerely believes that *Mightier than the Sword* needs a wider circulation. It is a valuable material for school children and adults as an aid to the development of historical consciousness and proper veneration of our heroes and patriots. Being the first book-length biography of Graciano Lopez Jaena, who has been given the sobriquet of Demosthenes of the Philippines, it deserves to grace every library, public and private.

C. O. RESURRECCION
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MANILA

April 29, 1964

Prof. Esteban A. de Ocampo
President, Philippine Historical Association
Quezon City

Dear Mr. President:

I have refrained from answering Prof. Teodoro A. Agoncillo's rebuttal of my contention that Col. Pantaleon Garcia was the Investigating Judge in the trial of Andrés Bonifacio because I had no wish to be drawn into a distasteful controversy with an esteemed colleague and a personal friend. However, I cannot let pass the book review in your September 1963 issue sustaining Prof. Agoncillo without pointing out that the signature of Col. Pantaleon Garcia appears eighteen times in the documents of the trial; does your reviewer believe that *all* 18 signatures were forged? Granted that they were, for the sake of argument; but how can he explain that in the body of the text the name of Pantaleon Garcia *appears twice* as having been appointed *Juez Instructor*? (See pages 3a and 4 of the text as it appears in the offset or photostatic reproduction of the trial.) There is no evidence whatsoever of erasures or changes. If Garcia's name had been forged, why does his name appear twice as having been appointed to that job? Or do those who believe that Garcia was not the Judge Advocate [sic] claim that his name was placed there on purpose and his signature forged? This is preposterous, unless they want to question the entire authenticity of the documents of the trial.

As for Pedro Lipana, consult the testimony of Gregoria de Jesus Bonifacio appearing on p. 211 in the same issue of the *Bulletin* stating that this individual "claimed to be Emilio's [Aguinaldo] secretary." If he had been the Investigating Judge, would not Mrs. Bonifacio had so stated?

Incidentally, to those not familiar with the Spanish military procedure followed in the trial of Bonifacio, I might add that an Investigating Judge or *Juez Instructor* performed functions different from that of a Judge Advocate under present-day usage. The latter prosecutes a defendant before a military tribunal based on the evidence presented at the trial; the former merely conducts a preliminary investigation and hears witnesses to gather facts prejudicial to the defendant. Furthermore, a Judge Advocate, like the present-day *fiscal* or prosecuting attorney, conducts the prosecution during the trial; the Investigating Judge, on the other hand, finishes his task once he turns over the evidence to the court—he does not appear before the court to argue his case against the defendant. That is why to call a *Juez Instructor* a Judge Advocate is misleading because their functions, although similar, are not the same.

If I have been partial to General Aguinaldo, this is my conclusion, my opinion based on the known facts surrounding the case. Can any historian be criticized for giving his views? Historians have been doing so from the time of Herodotus—but your reviewer seems to consider it a drawback.

In fairness to the undersigned, please publish this letter in your next issue of the *Bulletin*.

Sincerely,

(*Sgd.*) CARLOS QUIRINO
Acting Director

Ambeth Ocampo

AMBETH R. OCAMPO